rate of inflation during the past year was 15% or higher fell to 26 percent in the second quarter 1981 surveys, from 38 percent the year earlier.

The rate of inflation expected during the year ahead has also declined considerably, falling to the 7-8% range in the first half of 1981. In the second quarter 1981 surveys, consumers expected prices to increase on average by 7.4%, down somewhat from the 7.7% expected in the first quarter 1981 surveys, and well below the 9.1% recorded in the second quarter of 1980. At 7.4%, the expected rate of inflation is now lower than at any time during the past three years.

Business Prospects Improve

The mix of news items heard and recalled by respondents of recent changes in business conditions has become more favorable during the past several months, although it still remains on balance negative. In the April-June 1981 surveys, news of unfavorable developments exceeded favorable changes by a margin of 46 to 28 percent, which stands in sharp contrast to the overwhelmingly negative margin of 94 to 12 percent recorded in the second quarter of 1980. In comparison with a year earlier, many fewer respondents reported news of increasing unemployment (16 versus 37 percent), and fewer reported news of interest rate increases (7 versus 16 percent).

Although current business conditions are still viewed more often as having worsened rather than improved during the past year, evaluations have continued to grow more optimistic in the second quarter 1981 surveys. Among all families, 28 percent reported that business conditions had improved during the past year, up from 15 percent in the first quarter 1980, and just 7 percent a year earlier. The proportion that reported a worsening economy fell to 53 percent, from 69 percent in the first quarter 1981, and 86 percent in the second quarter 1980 surveys.

The outlook for business conditions during the year ahead remained at the much improved levels first established in late 1980. Among all families, 36 percent expected improved business conditions during the year ahead, largely unchanged since late 1980, but significantly above the 20 percent recorded in the second quarter of 1980. The proportion that expected worsening business conditions fell to 20 percent in the second quarter 1981 surveys, from 39 percent one year earlier. The proportion that reported past and expected declines in business conditions fell to 14 percent in the April-June 1981 surveys, from 36 percent in the second quarter of 1980. Similarly, the proportion that expected cumulative improvement in business conditions rose to 16 percent in the second quarter of 1981, up from just 2 percent one year earlier.

Many fewer respondents expected unemployment to increase in the second quarter 1981 surveys (37 percent) than one year earlier (66 percent), but the proportion that expected improvement in the unemployment situation has not increased as much, with 17 percent expecting less unemployment in the second quarter of 1981, up from 7 percent one year earlier. The most frequent expectation was that unemployment would remain at its same high level during the upcoming year, held by 44 percent of all families in the second quarter of 1981, up from 26 percent in the second quarter of 1980. Consequently, although unemployment is much less frequently viewed as worsening, rather than improving, unemployment is expected to remain near the current high levels.

Interest rate increases were expected by 37% of all families in the April-June 1981 surveys, up from 30% in the first quarter, and 34% in the second quarter of 1980. Expected declines in interest rates were reported by 31% in the second quarter of 1981 down from 41% in the first quarter. Overall, nearly two-thirds expected interest rates to remain at the same high

levels (28 percent) or to increase (37 percent) during the year ahead rather than to decline.

Among all families, 39 percent expected good times in the economy as a whole during the next 12 months in the April-June 1981 surveys, up from 28 percent in the first quarter 1981 surveys,and just 14 percent in the year earlier readings. Although bad times financially in the economy as a whole are still expected by half of all consumers, this is appreciably lower than the more than three-in-four who held this view one year earlier.

Long term business expectations posted more modest gains in the second quarter 1981 surveys, with 32 percent of all families expecting good times during the next five years or so, up from 28 percent in the first quarter 1981 surveys, and 17 percent in the second quarter 1980 surveys.

Growing Confidence in Economic Policies

After reaching record lows in 1979, favorable business expectations improved rapidly during the last half of 1980, but since then have remained largely unchanged at greatly improved levels. In explaining why respondents expected business conditions to change, each monthly survey since the November 1980 election has recorded between one-quarter and one-third that spontaneously mentioned the role of government economic policies and the Reagan administration. These favorable references to government economic policies remained the dominant factor behind improved business expectations. Since President Reagan took office, the proportion that rated government economic policy favorably increased from 17 percent in the first quarter of 1981 to 28 percent in the second quarter, while the proportion that rated government economic policy as poor fell from 33 percent in the first quarter 1981 to 18 percent in the second quarter. On balance, by mid-1981 confidence in government economic policy exceeded the prior peak level recorded in early

1977. The ratings were dissimilar in that respondents more frequently rated Reagan's economic policies as favorable (28 percent) than Carter's (22 percent), and respondents more frequently rated Reagan's as poor (18 percent) than Carter's policies (15 percent). Overall, confidence in government economic policy was higher by mid-1981 than at any other time in the past decade.

When asked whether they expected a reduction in personal income taxes, 50 percent of all respondents in the April-May 1981 surveys expected Congress to pass such a law, nearly equal to the 52 percent recorded in the January-March 1981 surveys. During the past three months, the proportion that did not believe that Congress would pass such a law grew from 35 percent in the January-March surveys to 41 percent in the April-May surveys (Table B).

TABLE B

EXPECTED PASSAGE OF TAX REDUCTIONS

| Expect Tax Reduction? | January -March 1981 | April -May 1981 |
|---|---|---|
| Yes | 52% | 50% |
| No | 35 | 41 |
| Uncertain, don't know | 11 | 6 |
| Not ascertained | 2 | 3 |
| Total | 100% | 100% |

The question was: "Do you think personal income taxes will actually be reduced or rebated in the next 12 months--I mean, will Congress pass such a law?"

Respondents were asked what impact they expected from the proposed reductions in federal spending and taxes on both their own financial situations as well as on business conditions in general. Among all families, 41 percent expected their personal financial situations to improve, and 56 percent expected business conditions to improve if the current economic proposals were adopted. Very few respondents expected an unfavorable change in either their personal financial situations (5 percent) or in business conditions (7 percent) if these proposals were adopted. Rather, respondents more frequently thought passage of these proposals would not make much differences to their personal financial situations (50 percent) or business conditions (30 percent). It is interesting to note that respondents who expected Congress actually to pass tax reductions viewed the impact of these proposals more favorably on both their personal finances and general business conditions (Table C).

Respondents were also asked about the influence these proposals might have on the rate of inflation. Among all families, 45 percent reported that they expected these proposals to lower the rate of inflation (Table D). Also, the passage of these proposals was more frequently expected to leave the rate of inflation unaffected (36 percent), rather than increase the rate of inflation (11 percent). Among those who expected these proposals to lower the rate of inflation, approximately half also thought that unemployment would also be lower, while the other half expected the lower inflation rates to be accompanied by the same or even higher levels of unemployment. Interestingly, families who actually expected passage of tax reductions more frequently expected lower inflation rates (54 percent) than those who did not expect passage (38 percent), with nearly the entire increase occurring among those who expected both inflation and unemployment to be lower.

Respondents were asked to estimate the increase they expected in their take-home pay if the reduction in personal income taxes is adopted, and how they planned to use the money. Among all families, 46 percent expected their monthly take-home pay to increase, while 40 percent expected no change (Table E). Among those who expected an increase, the median expected increase in monthly take-home pay was $50. When asked about their planned use of this money, 25 percent indicated they have spending plans, 21 percent intended to repay debt, and 41 percent said they intended to save or invest the money. Most of the planned expenditures were to repair inflation ravaged budgets, rather than to make new purchases. Interestingly, those who did not expect the enactment of the tax cuts were more likely to report that they would use the money for debt repayment.

A comparison with prior studies conducted before the 1964 tax cut indicates no difference in consumer reactions to the potential tax cuts (Table F). Approximately the same proportions reported savings plans in both 1963 and 1981. Spending plans, however, differed significantly in their composition--most of those with spending plans in 1963 reported intentions to make new purchases, while spending plans in 1981 were to help meet current expenses and repay bills, rather than for new purchases. This may reflect the harsh impact inflation has had in recent years.

## High Interest Rates Stifle Buying

Attitudes toward buying conditions for houses remained near record unfavorable levels in the second quarter 1981 surveys, although marginally improved since early 1981. Among all families, just 23 percent viewed buying conditions for houses favorably in the April-June 1981 surveys, up from 20 percent in the first quarter 1981, and 22 percent in the second quarter 1980 surveys. In the second quarter of both 1980 and 1981 the proportion holding

unfavorable house buying attitudes stood at 71 percent, down from the peak level of 76 percent recorded in early 1981. In answer to why respondents thought buying conditions were unfavorable, high interest rates continued to dominate opinions. In the April-June 1981 surveys, 69 percent mentioned the unfavorable impact of high interest rates, down from 75 percent in the second quarter of 1980. As shown in Chart 1 below, the proportion that reported high interest rates remained at record high levels throughout the past year, while the proportion giving buy-in-advance price rationales has fallen to low levels. This shift from buy-in-advance to postponement has been sustained by the declines in price expectations on the one hand and increases in interest rates on the other.

Attitudes toward market conditions for cars have remained largely unchanged at low levels during the past four quarters. The proportion holding favorable views of buying conditions for autos ranged from 38 to 40 percent, while the number holding unfavorable attitudes ranged from 47 to 52 percent. The major reasons given by respondents for the continued unfavorable view were high prices (33 percent) and high interest rates (22 percent). As shown in Table G and Chart 2 below, the proportion that mentioned high interest rates remained at high levels in mid-1981, and buy-in-advance rationales at much diminished levels.

Attitudes toward buying conditions for large household durables have remained largely unchanged during the past year at low levels. The proportion that gave favorable evaluations of the durables market range from 47 to 50 percent, while unfavorable evaluations ranged from 36 to 38 percent. Other than for the second quarter of 1980, the recent figures are lower than in the prior several years. High interest rates have depressed favorable buying attitudes toward household durables during the past year.

Summary Outlook

The April-June 1981 surveys indicate that consumer sentiment has remained largely unchanged since late 1980, at improved levels due to favorable evaluations of the proposed economic policies of the Reagan administration. Although expected inflation rates have declines, interest rate expectations have not, and this heightened concern with the real cost of credit has stifled favorable buying attitudes.

TABLE C

EXPECTED IMPACT OF TAX AND SPENDING REDUCTIONS

(April-May 1981)

| Change Expected IF Proposals Adopted | Personal Finances | | | Business Conditions | | |
|---|---|---|---|---|---|---|
| | All Families | Expect Tax Cut? Yes | No | All Families | Expect Tax Cut? Yes | No |
| Better off | 41% | 48% | 36% | 56% | 67% | 49% |
| Not much difference | 50 | 46 | 56 | 30 | 24 | 39 |
| Worse off | 5 | 3 | 6 | 7 | 5 | 9 |
| Don't know | 2 | 3 | 1 | 4 | 3 | 2 |
| Not ascertained | 2 | * | 1 | 3 | 1 | 1 |
| Total | 100% | 100% | 100% | 100% | 100% | 100% |
| Cases | 1224 | 631 | 483 | 1224 | 631 | 483 |

The questions were: "If the current proposals to reduce both taxes and government spending were adopted, do you think you (and your family living there) would be better off financially, worse off financially, or wouldn't it make much difference? AND "If these proposals (to reduce both taxes and government spending) are adopted, do you expect that business conditions in the country as a whole would be better or worse than they are at present, or wouldn't it make much difference?"

TABLE D

EXPECTED IMPACT ON INFLATION FROM TAX AND SPENDING REDUCTIONS

| Change Expected IF Proposals Adopted | April-May 1981 All Families | Expect Tax Cut? Yes | No |
|---|---|---|---|
| Inflation rate lower | 45% | 54% | 38% |
| Both inflation & unemployment lower | 24 | 32 | 17 |
| Only inflation rate lower | 21 | 22 | 21 |
| Not much difference | 36 | 34 | 42 |
| Inflation rate higher | 11 | 8 | 15 |
| Don't know | 5 | 4 | 4 |
| Not ascertained | 3 | * | 1 |
| Total | 100% | 100% | 100% |
| **Expected Rate of Inflation if Reductions Adopted** | | | |
| Lower | 7.4 | 6.6 | 8.8 |
| No difference | 8.3 | 7.6 | 8.2 |
| Higher | 11.1 | 6.1 | 13.1 |

The questions were: "If these proposals (to reduce both taxes and government spending) were adopted, would you expect that the rate of inflation would be lower or higher than it is at present, or wouldn't it make much difference?" IF LOWER: "Do you think that both inflation and unemployment would be lower if these proposals were adopted, or would these proposals only help reduce inflation?" AND "During the next 12 months, do you think that prices in general will go up, or go down, or stay where they are now?" IF GO UP OR GO DOWN: "By about what percent do you expect prices to go (up/down) on the average, during the next 12 months?"

TABLE E

EXPECTED CHANGE IN MONTHLY TAKE-HOME PAY
IF PERSONAL INCOME TAX REDUCTIONS ARE ADOPTED

| | April-May 1981 | | |
|---|---|---|---|
| | | Expect Tax Cut? | |
| Expect Take-home Pay to... | All Families | Yes | No |
| Increase | 46% | 51% | 44% |
| Stay the same | 40 | 38 | 45 |
| Decrease | 2 | 1 | 2 |
| Does not pay taxes | 6 | 6 | 6 |
| Don't know | 2 | 2 | 2 |
| Not ascertained | 4 | 2 | 1 |
| Total | 100% | 100% | 100% |
| Cases | 1224 | 631 | 483 |
| **Expected Increase in Monthly Take-home Pay** | | | |
| Median | $50 | $45 | $50 |
| Mean | 80 | 78 | 83 |
| **Planned Use of Increase in Take-home Pay** | | | |
| Spend | 25% | 29% | 23% |
| New purchases | 8 | 9 | 8 |
| Current expenses | 17 | 20 | 15 |
| Repay debt | 21 | 16 | 28 |
| Save, invest | 41 | 45 | 40 |
| Both spend and save | 4 | 5 | 5 |
| Don't know, not ascertained | 9 | 5 | 4 |
| Total | 100% | 100% | 100% |
| Cases | 1224 | 631 | 483 |

The questions were: "If the personal income tax reductions were actually passed, would you expect your monthly take-home pay to increase, stay the same, or what?" IF INCREASE: "About how much more money would you expect to take home each month?"

"What do you think you would do with this money--spend it, save it, invest it, repay debts, use it for a down-payment on something, or what?"

CHART 1

REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES

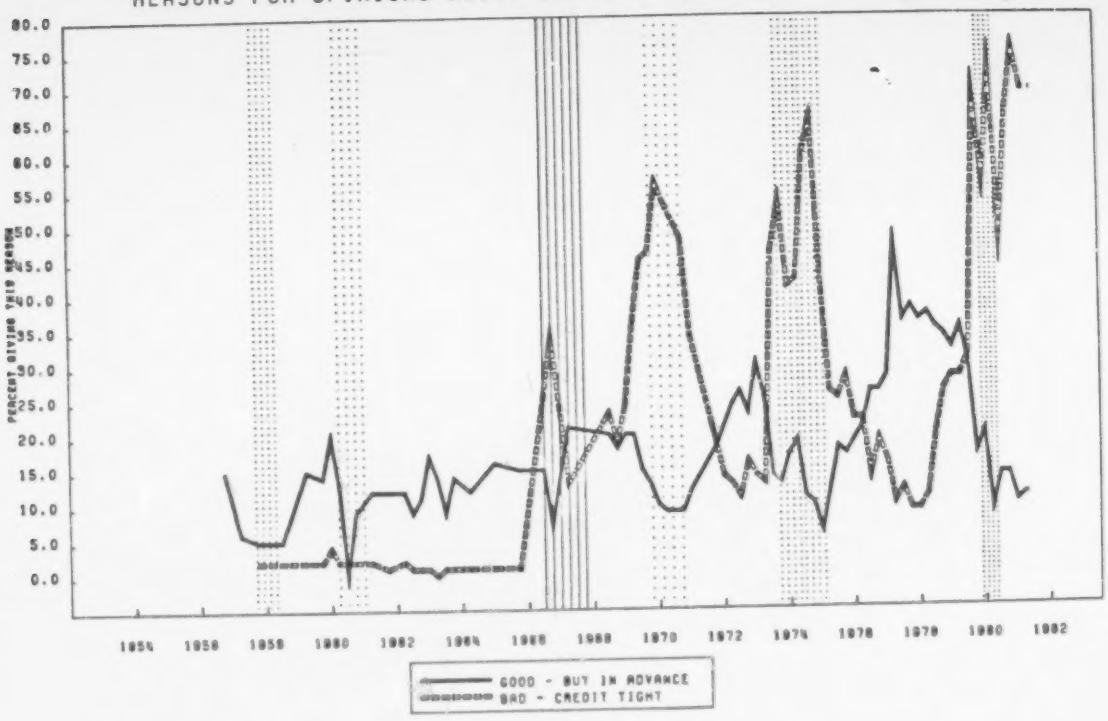


CHART 2

REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS

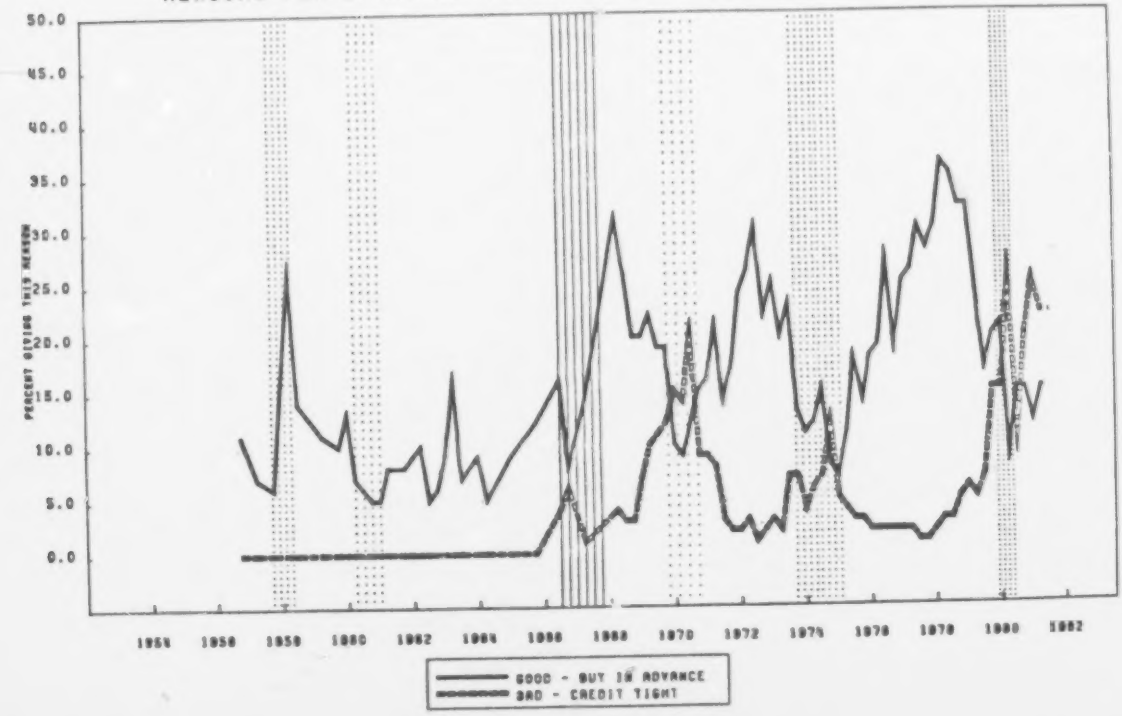

CHART 3

BUYING CONDITIONS FOR HOUSES AND TOTAL HOME SALES

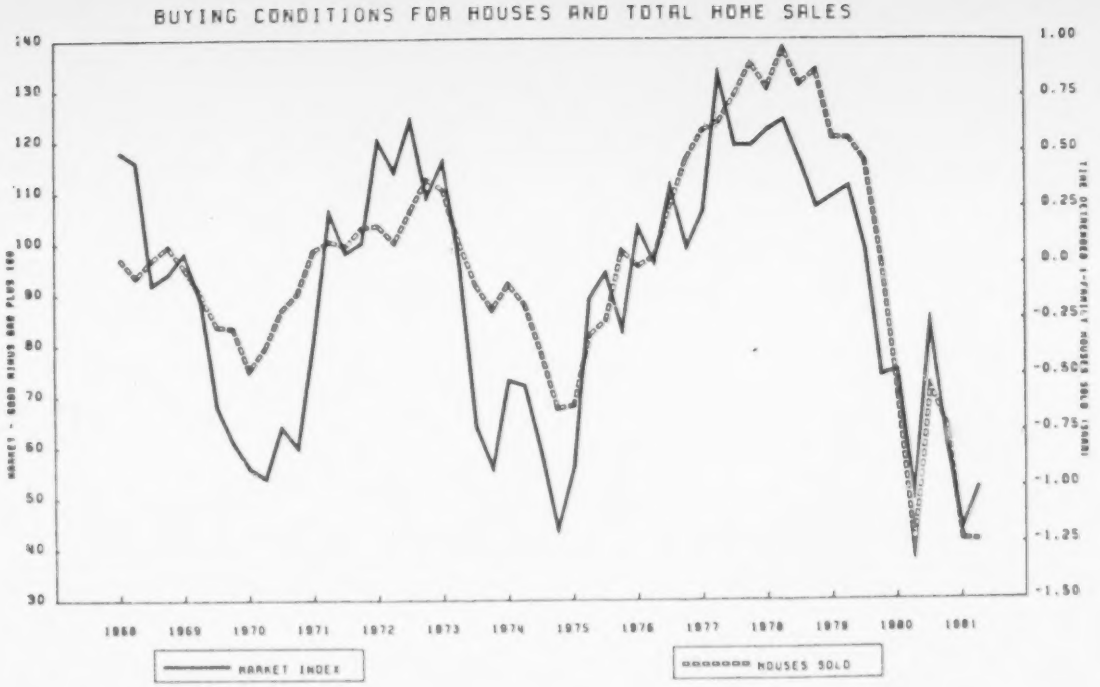


CHART 4

BUYING CONDITIONS FOR CARS AND TOTAL UNIT CAR SALES

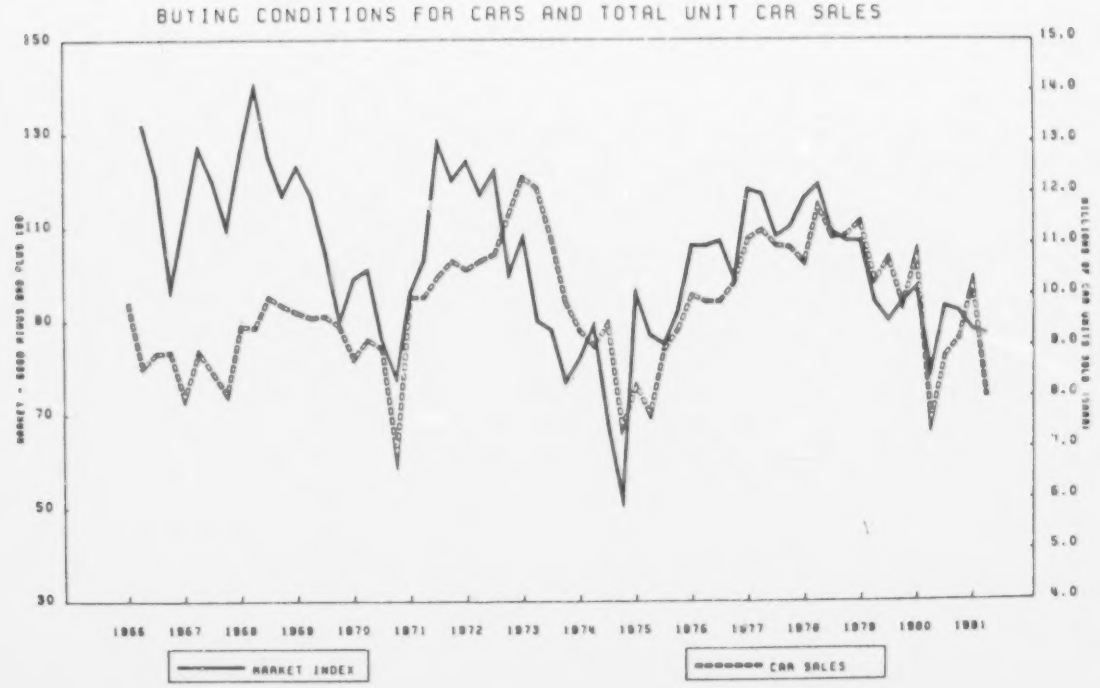

TABLE F

COMPARISON OF EXPECTED USE OF REDUCTION IN TAXES

(April-May 1981)

| | 1963 | 1981 |
|---|---|---|
| Spend | 31% | 25% |
| Repay debt | 12 | 21 |
| Save, invest | 44 | 41 |
| Both spend and save | 9 | 4 |
| Don't know, NA | 4 | 9 |
| Total | 100% | 100% |

TABLE G

SHIFTS IN BUY-IN-ADVANCE PRICE RATIONALES
AND POSTPONEMENT DUE TO HIGH INTEREST RATES

(Second-quarter Data)

| Markets | 1970 | 1971 | 1972 | 1973 | 1974 | 1975 | 1976 | 1977 | 1978 | 1979 | 1980 | 1981 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| a) Percent Who Mentioned Buy-in-Advance Rationales | | | | | | | | | | | | |
| Houses | 9 | NA | 24 | 25 | 19 | 12 | 21 | 46 | 37 | 35 | 9 | 11 |
| Cars | 9 | 21 | 26 | 20 | 12 | 11 | 19 | 27 | 36 | 24 | 9 | 15 |
| Durables | 15 | NA | 25 | 26 | 24 | 15 | 22 | 37 | 42 | 45 | 26 | 28 |
| Average | 11 | 21 | 25 | 24 | 18 | 13 | 21 | 37 | 38 | 35 | 15 | 18 |
| b) Percent Who Mentioned High Interest Rates and Tight Credit | | | | | | | | | | | | |
| Houses | 53 | NA | 13 | 13 | 47 | 29 | 22 | 7 | 11 | 28 | 72 | 69 |
| Cars | 14 | 8 | 3 | 2 | 8 | 4 | 2 | * | 3 | 5 | 25 | 22 |
| Durables | 13 | NA | 5 | 3 | 3 | 3 | 1 | 1 | 3 | 7 | 28 | 19 |
| Average | 27 | 8 | 7 | 6 | 19 | 12 | 8 | 3 | 6 | 13 | 42 | 37 |

*Less than 0.5 percent.
NA = Not Available

SURVEY OF CONSUMER ATTITUDES
A 5375-I

# MONITORING ECONOMIC CHANGE PROGRAM

Institute for Social Research

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# TABLES AND CHARTS

September 1981

The September 1981 survey is the 156th in a longitudinal series of surveys of consumer attitudes conducted during the last 30 years. The purpose of these surveys is to assess change in consumer attitudes and expectations, and to understand why these changes occur and how they affect consumer behavior. This type of information is essential for forecasting changes in discretionary spending and saving decisions.

Two charts are presented for most questions. One highlights recent changes in the quarterly observations for all families and for high income families. The second chart gives historical data using quarterly results.

All surveys are subject to sampling error because not all members of the population are interviewed. Most results on the total sample for this quarterly survey will differ by no more than 3 percentage points in either direction from what would have been obtained by using the same methods on the entire population. See the back of this book for sampling error information.

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CHART 1 - RECENT CHANGES
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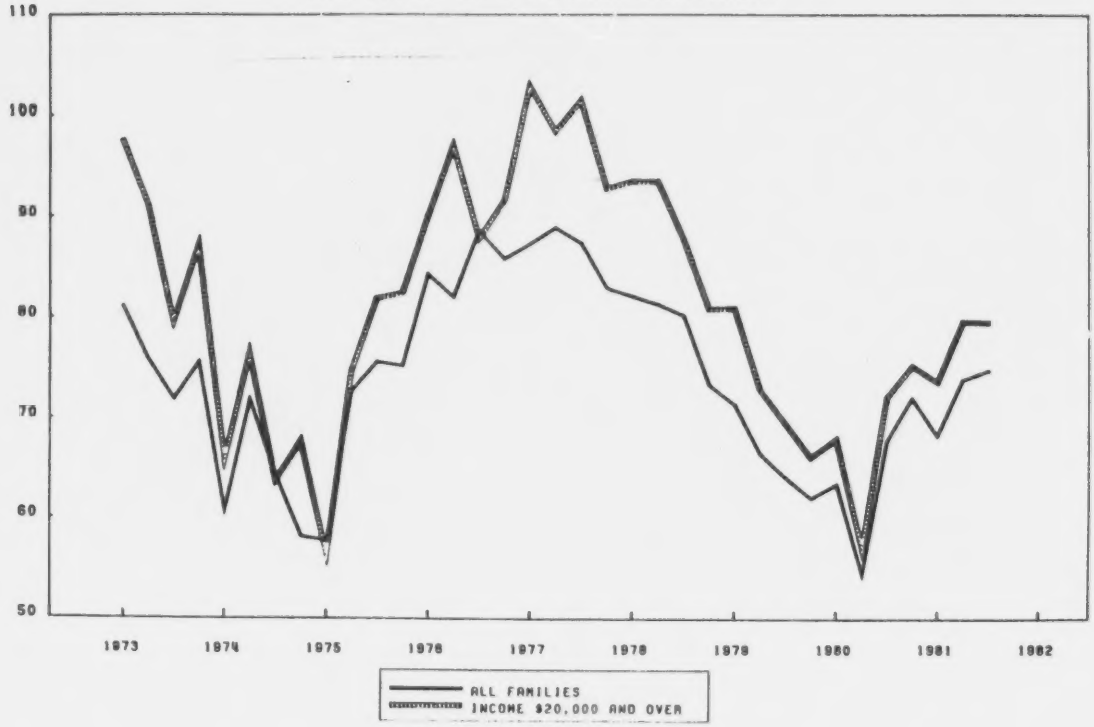



CHART 1 - HISTORICAL SERIES
THE INDEX OF CONSUMER SENTIMENT

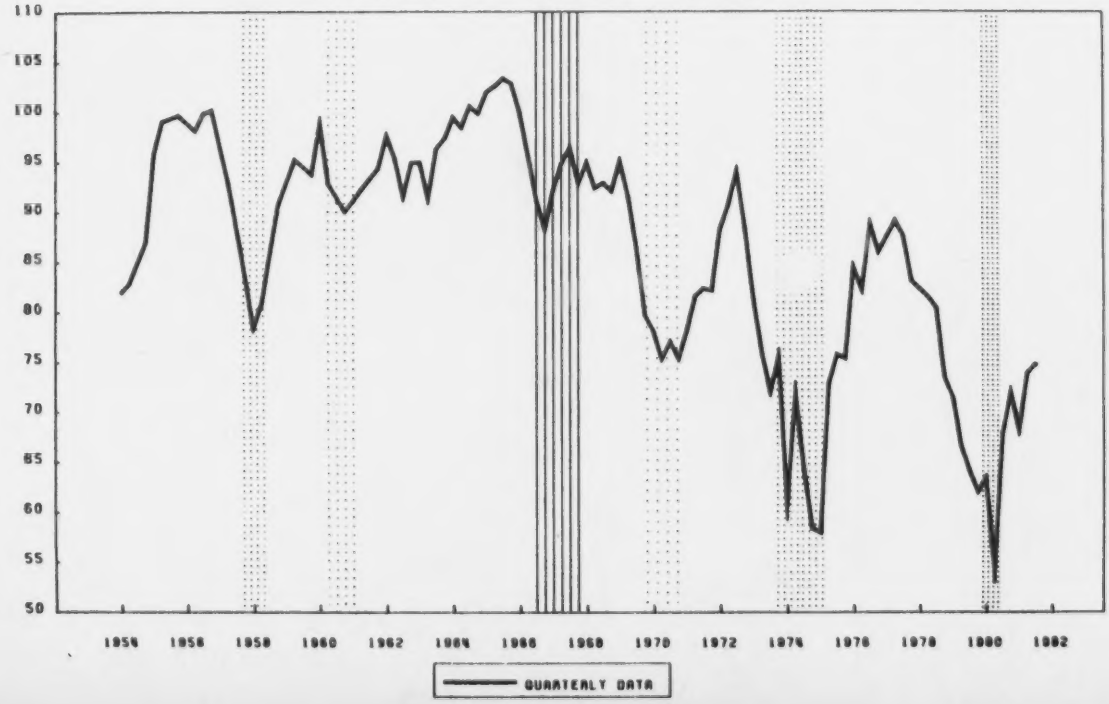


TABLE 1

THE INDEX OF CONSUMER SENTIMENT

| DATE OF SURVEY | All families | Families with incomes over $20,000 | Families with incomes over $25,000 |
|---|---|---|---|
| July-Sep. 1974 | 64.6 | 63.9 | |
| Oct.-Dec. 1974 | 58.3 | 67.9 | |
| Jan.-Mar. 1975 | 58.3 | 56.5 | |
| Apr.-June 1975 | 72.8 | 74.9 | |
| July-Sep. 1975 | 76.0 | 82.1 | |
| Oct.-Dec. 1975 | 75.3 | 82.6 | |
| Jan.-Mar. 1976 | 84.6 | 90.2 | |
| Apr.-June 1976 | 83.3 | 97.2 | |
| July-Sep. 1976 | 88.9 | 88.0 | |
| Oct.-Dec. 1976 | 86.0 | 91.8 | |
| Jan.-Mar. 1977 | 87.5 | 103.1 | |
| Apr.-June 1977 | 89.8 | 98.6 | |
| July-Sep. 1977 | 87.6 | 101.7 | |
| Oct.-Dec. 1977 | 83.1 | 94.0 | 95.5 |
| Jan.-Mar. 1978 | 82.3 | 93.7 | 96.2 |
| Apr.-June 1978 | 81.5 | 91.4 | 92.5 |
| July-Sep. 1978 | 80.4 | 88.0 | 88.3 |
| Oct.-Dec. 1978 | 73.5 | 81.0 | 83.0 |
| Jan.-Mar. 1979 | 71.5 | 81.1 | 81.7 |
| Apr.-June 1979 | 66.6 | 73.0 | 75.5 |
| July-Sep. 1979 | 63.9 | 69.6 | 71.2 |
| Oct.-Dec. 1979 | 62.1 | 66.7 | 69.5 |
| Jan.-Mar. 1980 | 63.5 | 68.0 | 69.6 |
| Apr.-June 1980 | 54.4 | 57.0 | 58.1 |
| July-Sep. 1980 | 67.8 | 72.2 | 73.3 |
| Oct.-Dec. 1980 | 72.1 | 75.3 | 78.3 |
| Jan.-Mar. 1981 | 68.3 | 73.7 | 76.1 |
| Apr.-June 1981 | 73.9 | 79.7 | 82.0 |
| July-Sep. 1981 | 74.8 | 79.6 | 80.1 |

CHART 2A

THE INDEX OF CONSUMER SENTIMENT WITHIN REGIONS

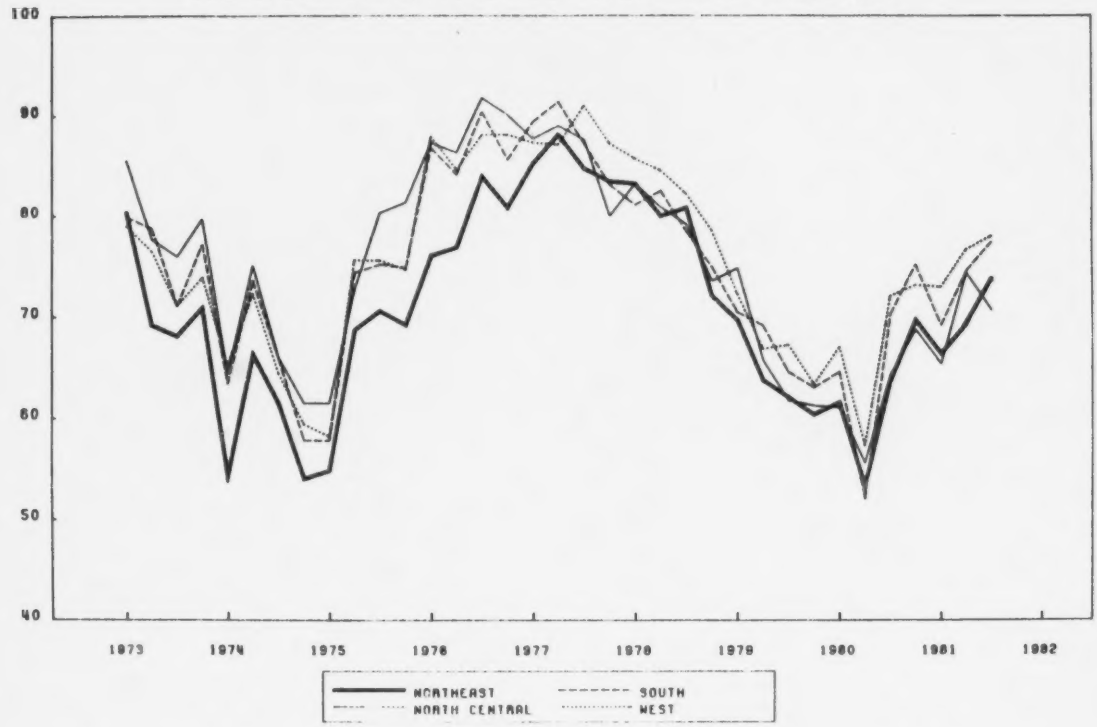



CHART 2B

THE INDEX OF CONSUMER SENTIMENT WITHIN AGE GROUPS

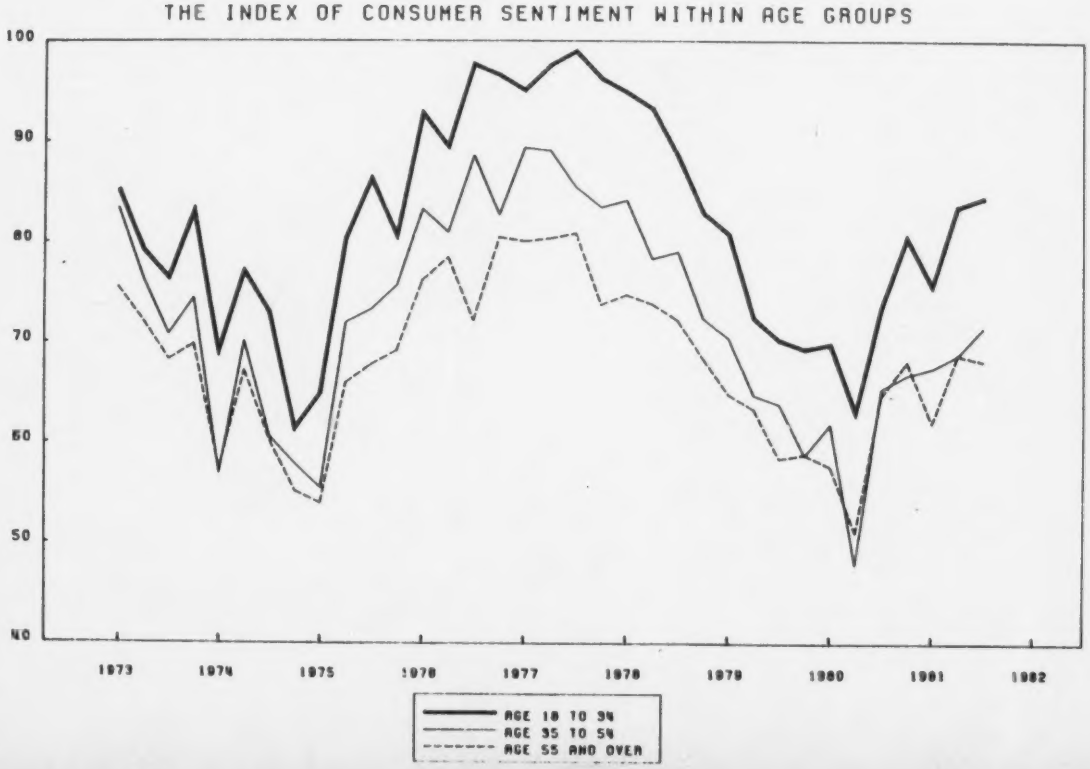


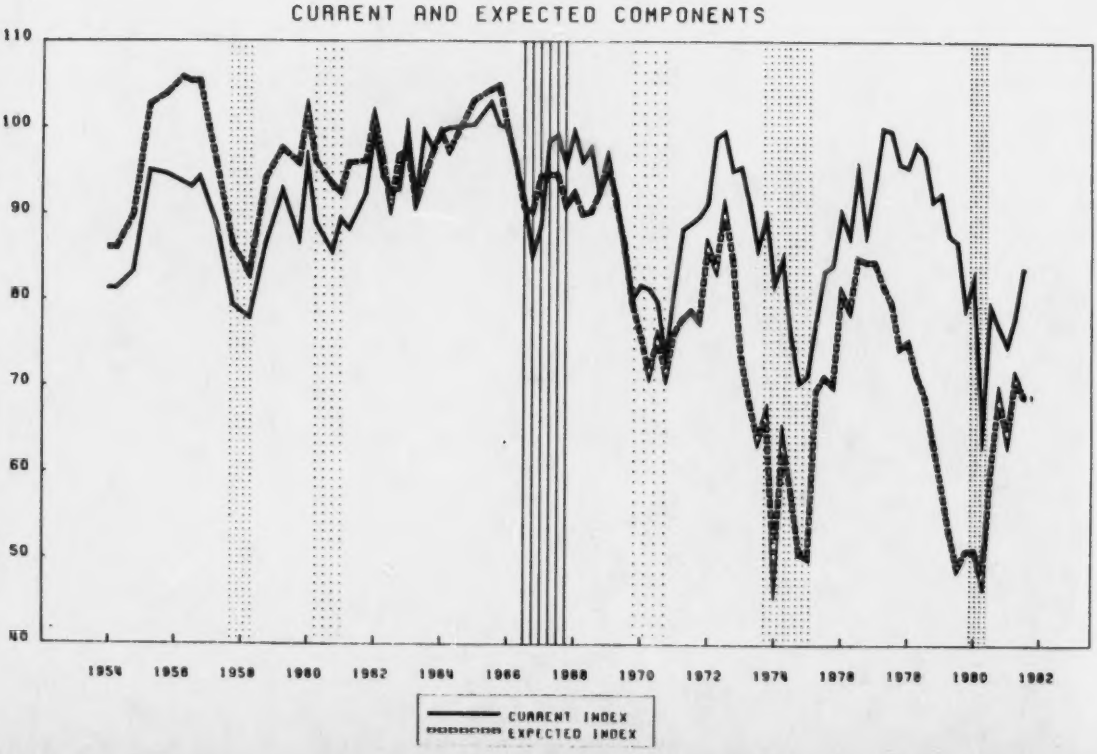
TABLE 2

INDEX OF CONSUMER SENTIMENT WITHIN REGION AND AGE SUBGROUPS

| DATE OF SURVEY | CENSUS REGION | | | | AGE OF RESPONDENT | | |
|---|---|---|---|---|---|---|---|
| | North East | North Central | South | West | 18-34 | 35-54 | 55+ |
| July-Sep. 1974 | 61.5 | 66.0 | 65.9 | 64.4 | 73.0 | 60.6 | 60.2 |
| Oct.-Dec. 1974 | 54.0 | 61.5 | 57.8 | 59.4 | 66.0 | 58.5 | 55.2 |
| Jan.-Mar. 1975 | 54.8 | 61.5 | 57.8 | 58.2 | 64.9 | 55.5 | 54.0 |
| Apr.-June 1975 | 68.7 | 72.6 | 74.5 | 75.6 | 80.4 | 72.0 | 66.0 |
| July-Sep. 1975 | 70.6 | 80.8 | 75.2 | 75.6 | 86.3 | 73.3 | 67.8 |
| Oct.-Dec. 1975 | 68.2 | 81.3 | 74.9 | 74.7 | 80.6 | 75.6 | 69.3 |
| Jan.-Mar. 1976 | 76.9 | 86.2 | 85.9 | 86.7 | 92.7 | 83.0 | 76.1 |
| Apr.-June 1976 | 76.9 | 86.3 | 84.1 | 84.5 | 90.0 | 82.6 | 76.3 |
| July-Sep. 1976 | 83.6 | 85.0 | 94.8 | 87.7 | 97.1 | 88.3 | 80.8 |
| Oct.-Dec. 1976 | 80.8 | 90.1 | 85.6 | 88.5 | 96.6 | 82.7 | 80.5 |
| Jan.-Mar. 1977 | 85.2 | 87.7 | 89.3 | 87.2 | 95.1 | 89.4 | 80.1 |
| Apr.-June 1977 | 90.9 | 88.2 | 90.9 | 88.8 | 98.2 | 89.8 | 81.1 |
| July-Sep. 1977 | 84.7 | 87.6 | 87.2 | 91.0 | 99.3 | 85.5 | 80.9 |
| Oct.-Dec. 1977 | 83.4 | 80.0 | 83.1 | 87.2 | 96.3 | 83.5 | 73.8 |
| Jan.-Mar. 1978 | 81.9 | 81.4 | 80.9 | 85.8 | 95.0 | 81.9 | 73.6 |
| Apr.-June 1978 | 79.6 | 80.7 | 81.8 | 84.4 | 92.9 | 78.1 | 73.6 |
| July-Sep. 1978 | 81.4 | 78.8 | 78.9 | 84.3 | 88.9 | 79.8 | 73.1 |
| Oct.-Dec. 1978 | 71.3 | 72.9 | 74.0 | 77.0 | 81.6 | 71.3 | 67.8 |
| Jan.-Mar. 1979 | 69.0 | 74.5 | 70.3 | 71.8 | 80.5 | 70.0 | 64.7 |
| Apr.-June 1979 | 63.3 | 65.7 | 69.3 | 66.9 | 72.4 | 64.9 | 63.3 |
| July-Sep. 1979 | 62.1 | 62.1 | 64.4 | 67.4 | 70.4 | 63.9 | 58.5 |
| Oct.-Dec. 1979 | 60.3 | 61.3 | 63.2 | 63.3 | 69.5 | 58.7 | 58.9 |
| Jan.-Mar. 1980 | 61.6 | 61.1 | 64.6 | 67.1 | 70.4 | 61.7 | 57.6 |
| Apr.-June 1980 | 53.3 | 55.6 | 52.1 | 57.3 | 63.1 | 47.9 | 51.1 |
| July-Sep. 1980 | 63.7 | 64.3 | 70.3 | 72.1 | 73.5 | 65.4 | 64.7 |
| Oct.-Dec. 1980 | 69.7 | 68.8 | 75.2 | 73.2 | 80.5 | 66.8 | 68.1 |
| Jan.-Mar. 1981 | 66.4 | 65.4 | 69.2 | 73.0 | 75.7 | 67.5 | 62.0 |
| Apr.-June 1981 | 69.3 | 74.4 | 74.6 | 76.7 | 83.6 | 68.8 | 68.8 |
| July-Sep. 1981 | 73.7 | 70.7 | 77.4 | 78.0 | 84.5 | 71.5 | 68.2 |

CHART 3 - RECENT CHANGES
CURRENT AND EXPECTED COMPONENTS

CHART 3 - HISTORICAL SERIES
CURRENT AND EXPECTED COMPONENTS



## TABLE 3

### COMPONENTS OF THE INDEX OF CONSUMER SENTIMENT

| DATE OF SURVEY | INDEX COMPONENTS + | | | | | | |
|---|---|---|---|---|---|---|---|
| | Personal finances | | Business conditions | | | | |
| | Current | Expected | 12 months | 5 years | Buying conds. | Current Index | Expected Index |
| | (1) | (2) | (3) | (4) | (5) | (1,5) | (2,3,4) |
| July-Sep. 1974 | 85 | 102 | 63 | 60 | 108 | 75.6 | 57.5 |
| Oct.-Dec. 1974 | 84 | 98 | 45 | 53 | 96 | 70.6 | 50.4 |
| Jan.-Mar. 1975 | 80 | 103 | 45 | 48 | 100 | 70.9 | 50.2 |
| Apr.-June 1975 | 87 | 118 | 92 | 66 | 111 | 77.7 | 69.7 |
| July-Sep. 1975 | 93 | 109 | 97 | 76 | 120 | 83.4 | 71.2 |
| Oct.-Dec. 1975 | 97 | 119 | 94 | 64 | 116 | 83.4 | 70.0 |
| Jan.-Mar. 1976 | 103 | 125 | 119 | 80 | 128 | 89.9 | 81.2 |
| Apr.-June 1976 | 103 | 119 | 119 | 78 | 126 | 89.1 | 79.5 |
| July-Sep. 1976 | 104 | 119 | 127 | 92 | 139 | 94.8 | 85.1 |
| Oct.-Dec. 1976 | 96 | 115 | 117 | 105 | 129 | 87.8 | 84.8 |
| Jan.-Mar. 1977 | 99 | 120 | 116 | 97 | 141 | 93.5 | 83.6 |
| Apr.-June 1977 | 109 | 117 | 121 | 94 | 148 | 99.8 | 83.4 |
| July-Sep. 1977 | 108 | 116 | 116 | 86 | 148 | 99.5 | 80.0 |
| Oct.-Dec. 1977 | 107 | 107 | 104 | 85 | 139 | 96.0 | 74.7 |
| Jan.-Mar. 1978 | 104 | 110 | 102 | 82 | 140 | 94.9 | 74.1 |
| Apr.-June 1978 | 105 | 108 | 98 | 74 | 147 | 98.2 | 70.7 |
| July-Sep. 1978 | 106 | 111 | 94 | 70 | 144 | 97.2 | 69.6 |
| Oct.-Dec. 1978 | 99 | 102 | 79 | 66 | 132 | 90.2 | 62.8 |
| Jan.-Mar. 1979 | 98 | 99 | 68 | 61 | 138 | 92.2 | 58.1 |
| Apr.-June 1979 | 89 | 92 | 58 | 57 | 135 | 87.6 | 53.2 |
| July-Sep. 1979 | 92 | 96 | 48 | 46 | 131 | 87.0 | 49.0 |
| Oct.-Dec. 1979 | 84 | 98 | 50 | 51 | 119 | 79.4 | 51.0 |
| Jan.-Mar. 1980 | 86 | 99 | 50 | 49 | 126 | 82.6 | 51.1 |
| Apr.-June 1980 | 77 | 98 | 35 | 51 | 88 | 65.0 | 47.6 |
| July-Sep. 1980 | 91 | 111 | 64 | 62 | 111 | 79.4 | 60.3 |
| Oct.-Dec. 1980 | 83 | 109 | 81 | 83 | 113 | 77.0 | 68.9 |
| Jan.-Mar. 1981 | 82 | 106 | 70 | 75 | 109 | 74.9 | 64.0 |
| Apr.-June 1981 | 88 | 114 | 89 | 79 | 112 | 78.2 | 71.2 |
| July-Sep. 1981 | 98 | 115 | 84 | 74 | 117 | 83.8 | 69.0 |

(1) : SEE TABLE 4.
(2) : See Table 6.
(3) : See Table 18.
(4) : See Table 19.
(5) : See Table 26.

+ : Percent saying "GOOD TIMES" (or "BETTER"), minus percent saying "BAD TIMES" (or "WORSE"), plus 100.

CHART 4 - RECENT CHANGES

CURRENT FINANCIAL SITUATION COMPARED WITH A YEAR AGO

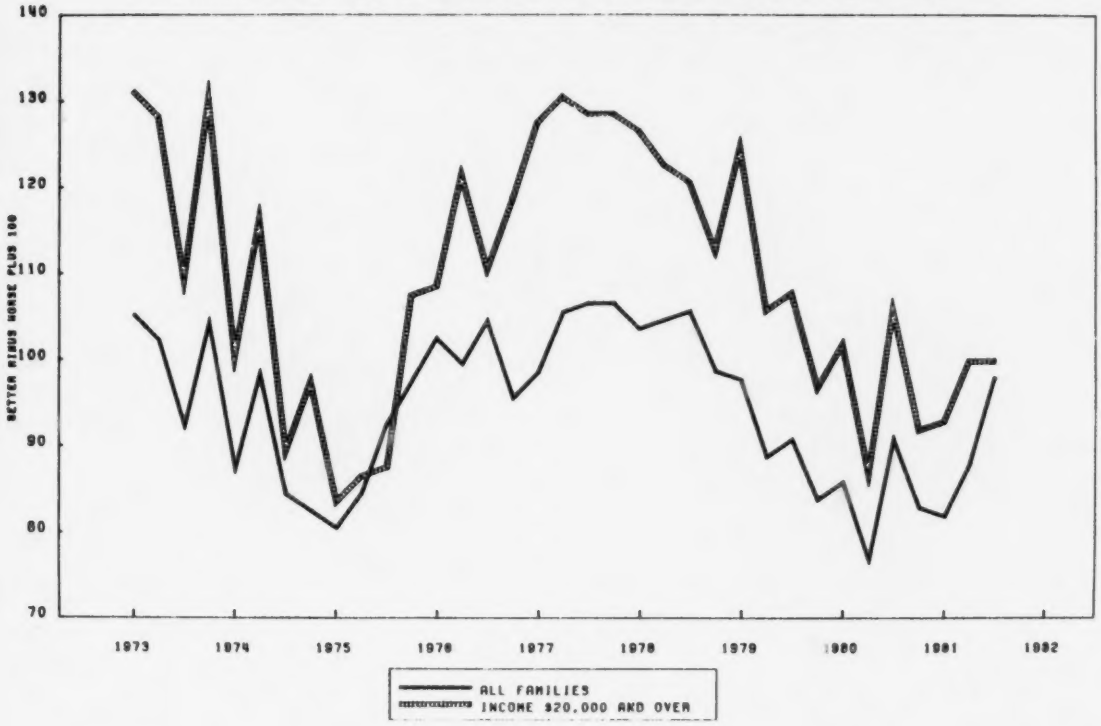



CHART 4 - HISTORICAL SERIES

CURRENT FINANCIAL SITUATION COMPARED WITH A YEAR AGO

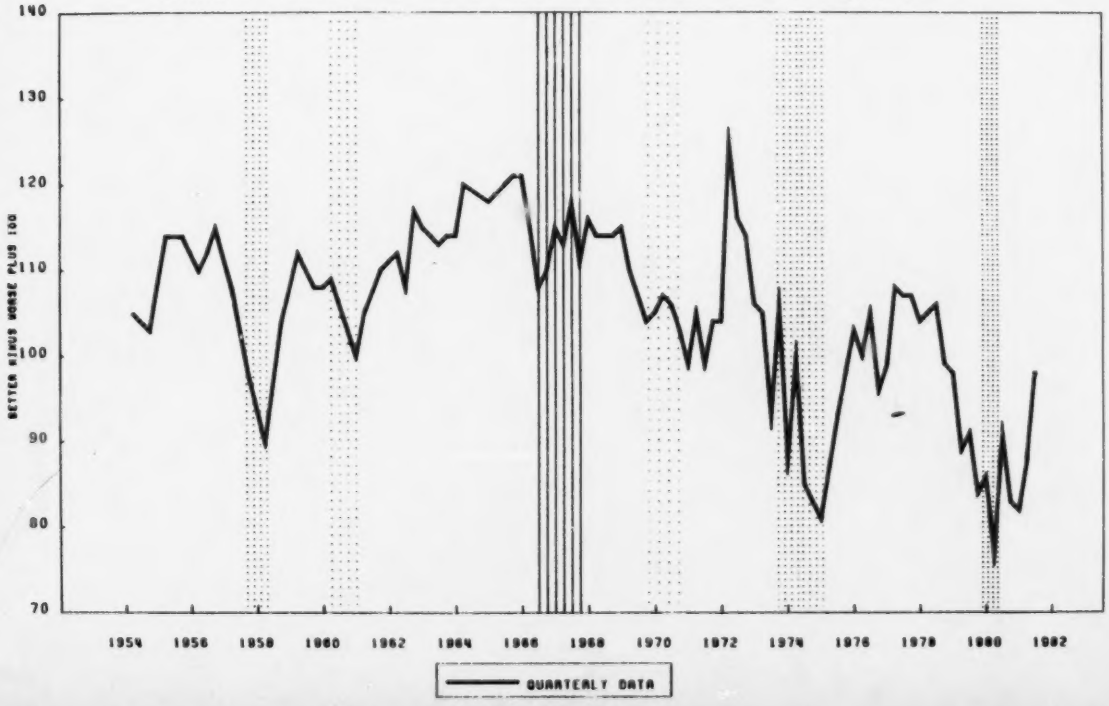


TABLE 4

CURRENT FINANCIAL SITUATION COMPARED TO A YEAR AGO

| | Jul-Sept 1978 | Oct-Dec. 1978 | Jan-Mar. 1979 | Apr-June 1979 | Jul-Sept 1979 | Oct-Dec. 1979 | Jan-Mar. 1980 | Apr-June 1980 | Jul-Sept 1980 | Oct-Dec. 1980 | Jan-Mar. 1981 | Apr-June 1981 | Jul-Sept 1981 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| A. ALL FAMILIES | | | | | | | | | | | | | |
| BETTER OFF | 37% | 35% | 35% | 32% | 31% | 28% | 29% | 25% | 31% | 28% | 27% | 28% | 33% |
| SAME | 30 | 29 | 28 | 25 | 28 | 26 | 27 | 26 | 27 | 27 | 28 | 30 | 31 |
| WORSE OFF | 32 | 35 | 37 | 42 | 40 | 45 | 44 | 48 | 40 | 44 | 45 | 41 | 35 |
| DK,NA | 1 | 1 | * | 1 | 1 | 1 | * | 1 | 2 | 1 | * | 1 | 1 |
| TOTAL | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| B. FAMILIES WITH INCOMES OF $20,000 AND OVER | | | | | | | | | | | | | |
| BETTER OFF | 47% | 43% | 50% | 40% | 41% | 36% | 39% | 31% | 38% | 34% | 34% | 36% | 36% |
| SAME | 27 | 27 | 25 | 25 | 26 | 25 | 24 | 25 | 29 | 23 | 24 | 28 | 28 |
| WORSE OFF | 26 | 29 | 25 | 35 | 33 | 39 | 37 | 44 | 32 | 42 | 41 | 35 | 36 |
| DK,NA | * | 1 | * | * | * | * | * | * | 1 | 1 | 1 | 1 | * |
| TOTAL | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |

The question was: "We are interested in how people are getting along financially these days. Would you say that you (and your family living there) are better off or worse off financially than you were a year ago?"

* : Less than half of one percent.

CHART 5 - RECENT CHANGES

REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION

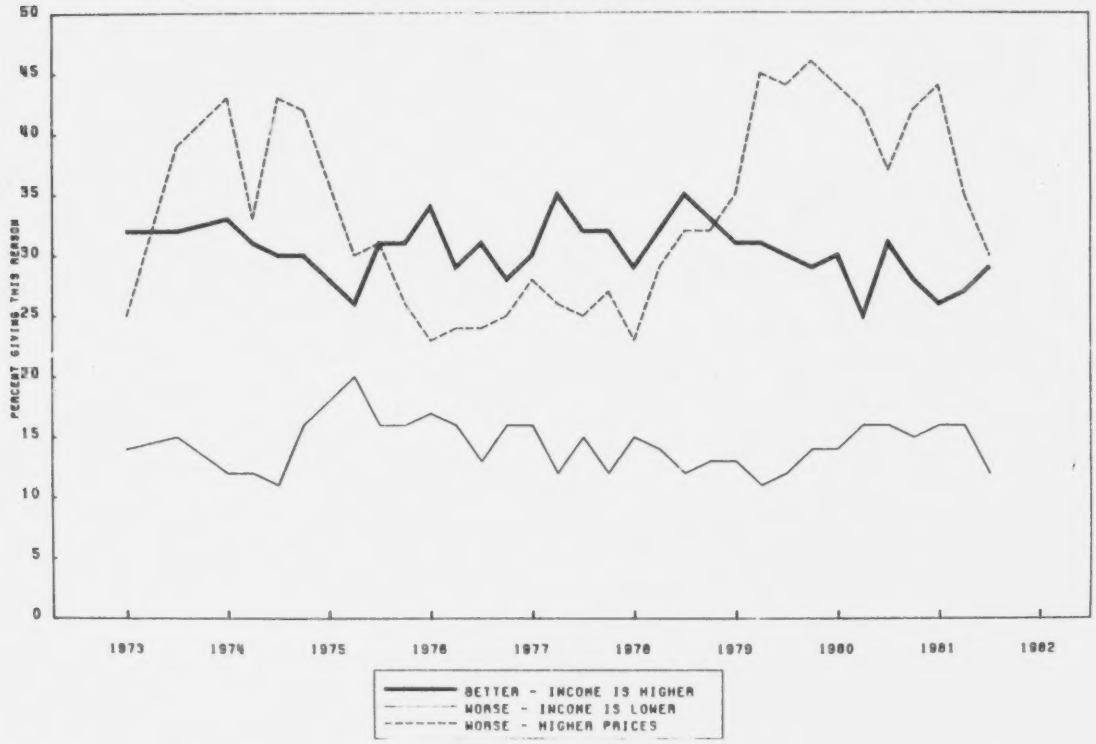



CHART 5 - HISTORICAL SERIES

REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION

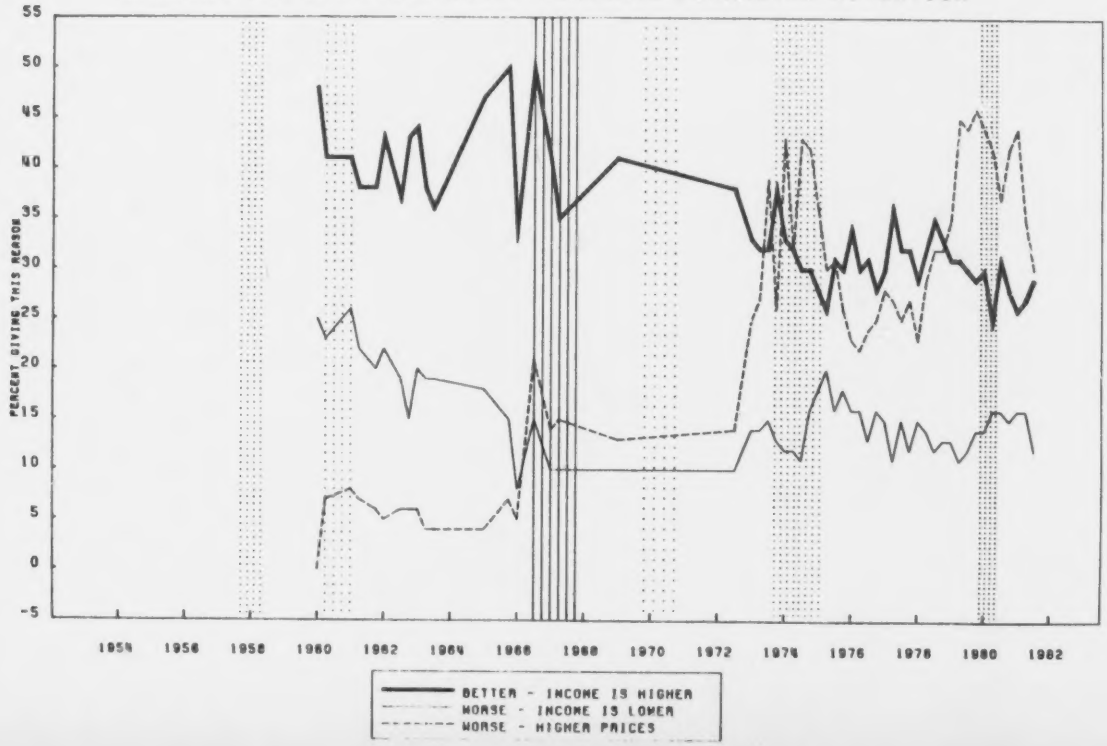


TABLE 5

SELECTED REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION +

| | Jul-Sept 1978 | Oct-Dec. 1978 | Jan-Mar. 1979 | Apr-June 1979 | Jul-Sept 1979 | Oct-Dec. 1979 | Jan-Mar. 1980 | Apr-June 1980 | Jul-Sept 1980 | Oct-Dec. 1980 | Jan-Mar. 1981 | Apr-June 1981 | Jul-Sept 1981 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| A. ALL FAMILIES | | | | | | | | | | | | | |
| BETTER OFF THAN YEAR AGO: | | | | | | | | | | | | | |
| Income is higher | 35% | 33% | 31% | 31% | 30% | 29% | 30% | 25% | 31% | 28% | 26% | 27% | 29% |
| WORSE OFF THAN YEAR AGO: | | | | | | | | | | | | | |
| Income is lower | 12 | 13 | 13 | 11 | 12 | 14 | 14 | 16 | 16 | 15 | 16 | 16 | 12 |
| Higher prices | 32 | 32 | 35 | 45 | 44 | 46 | 44 | 42 | 37 | 42 | 44 | 35 | 30 |
| B. FAMILIES WITH INCOMES OF $20,000 AND OVER | | | | | | | | | | | | | |
| BETTER OFF THAN YEAR AGO: | | | | | | | | | | | | | |
| Income is higher | 49% | 44% | 51% | 45% | 43% | 41% | 44% | 35% | 43% | 37% | 35% | 39% | 37% |
| WORSE OFF THAN YEAR AGO: | | | | | | | | | | | | | |
| Income is lower | 7 | 9 | 8 | 8 | 9 | 10 | 11 | 13 | 12 | 12 | 14 | 13 | 12 |
| Higher prices | 33 | 33 | 32 | 45 | 41 | 45 | 42 | 42 | 33 | 43 | 42 | 35 | 32 |

Responses to the query: "Why do you say so?" following the question on Table 4.

+ : May add to more than 100% due to multiple mentions.

CHART 6 - RECENT CHANGES

EXPECTED CHANGE IN FINANCIAL SITUATION

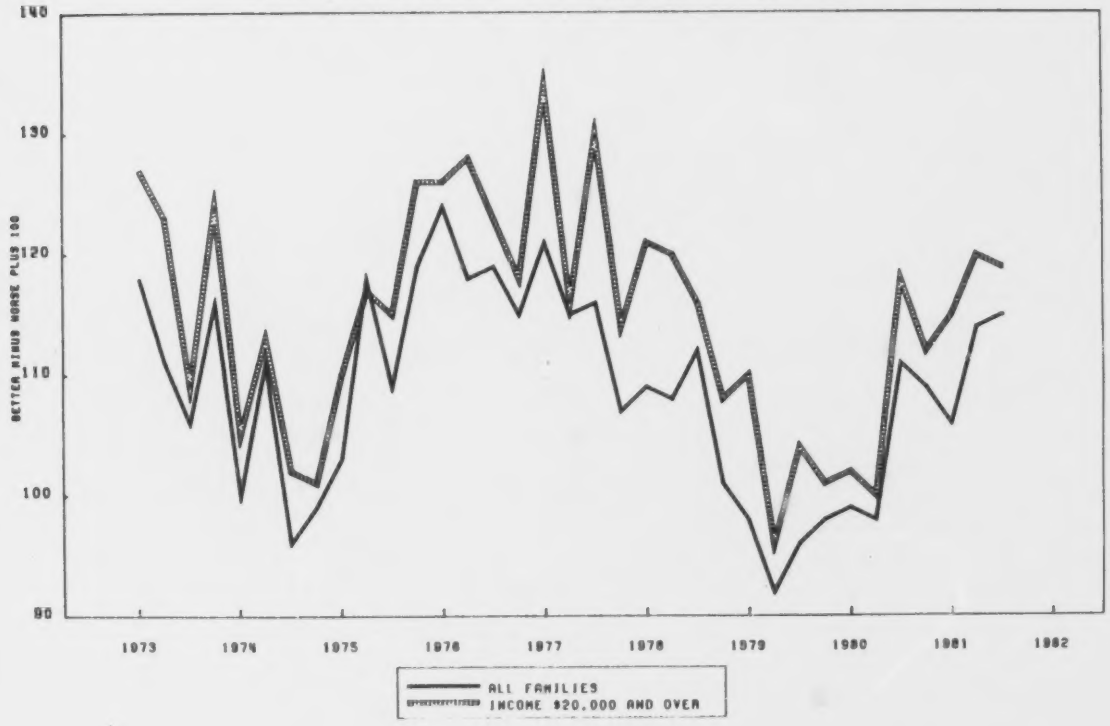



CHART 6 - HISTORICAL SERIES

EXPECTED CHANGE IN FINANCIAL SITUATION

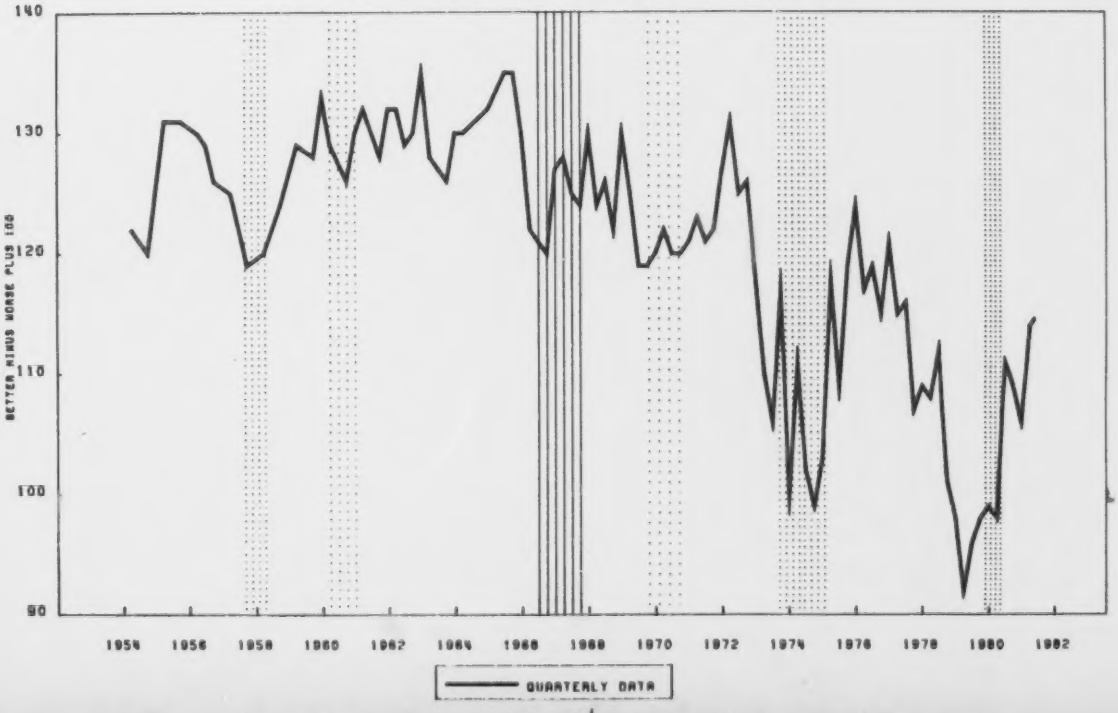


TABLE 6

EXPECTED CHANGE IN FINANCIAL SITUATION

| | Jul-Sept 1978 | Oct-Dec. 1978 | Jan-Mar. 1979 | Apr-June 1979 | Jul-Sept 1979 | Oct-Dec. 1979 | Jan-Mar. 1980 | Apr-June 1980 | Jul-Sept 1980 | Oct-Dec. 1980 | Jan-Mar. 1981 | Apr-June 1981 | Jul-Sept 1981 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| A. ALL FAMILIES | | | | | | | | | | | | | |
| BETTER OFF | 28% | 24% | 23% | 21% | 23% | 23% | 24% | 26% | 30% | 28% | 27% | 32% | 31% |
| SAME | 51 | 46 | 48 | 47 | 48 | 48 | 46 | 43 | 47 | 46 | 47 | 46 | 48 |
| WORSE OFF | 17 | 23 | 25 | 29 | 26 | 26 | 25 | 28 | 19 | 20 | 21 | 18 | 17 |
| DK,NA | 4 | 7 | 4 | 3 | 3 | 3 | 5 | 3 | 4 | 6 | 5 | 4 | 4 |
| TOTAL | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| B. FAMILIES WITH INCOMES OF $20,000 AND OVER | | | | | | | | | | | | | |
| BETTER OFF | 34% | 30% | 30% | 25% | 27% | 26% | 25% | 26% | 35% | 32% | 32% | 37% | 35% |
| SAME | 46 | 45 | 49 | 45 | 48 | 49 | 50 | 46 | 47 | 46 | 48 | 44 | 48 |
| WORSE OFF | 18 | 22 | 20 | 29 | 23 | 24 | 23 | 26 | 16 | 19 | 18 | 17 | 15 |
| DK,NA | 2 | 3 | 1 | 1 | 2 | 1 | 2 | 2 | 2 | 3 | 2 | 2 | 2 |
| TOTAL | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |

The question was: "Now looking ahead--do you think that a year from now you (and your family living there) will be better off financially, or worse off, or just about the same as now?"

CHART 7 - RECENT CHANGES

TREND IN PERSONAL FINANCIAL SITUATION

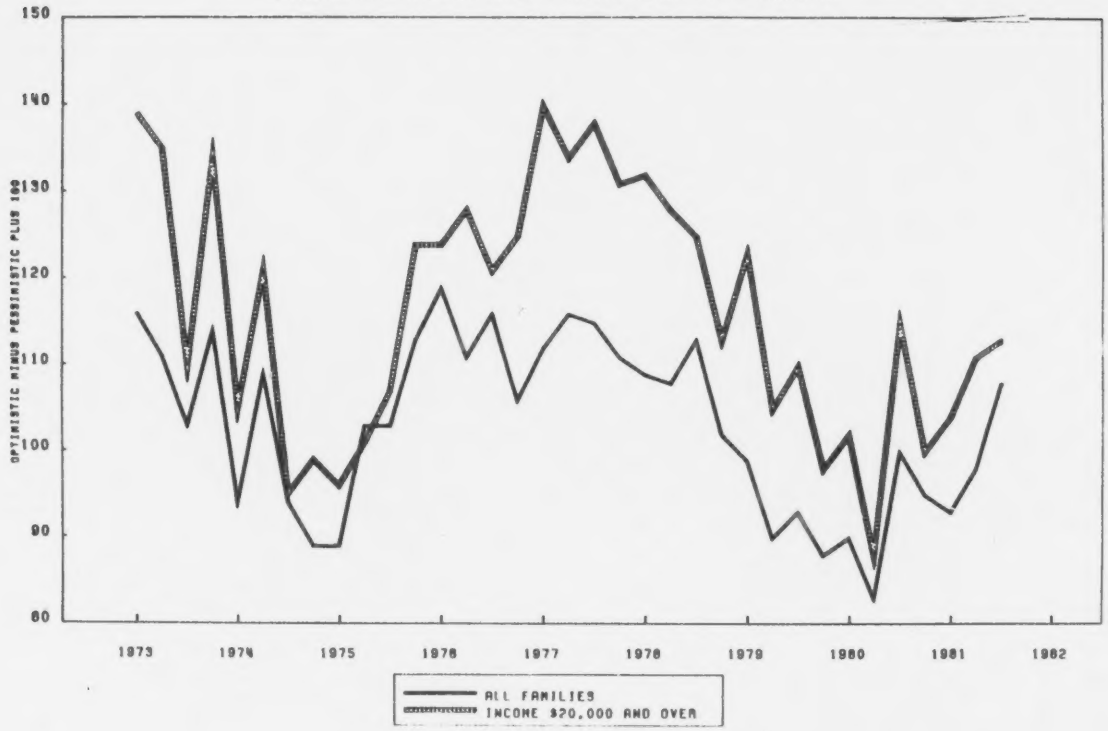



CHART 7 - HISTORICAL SERIES

TREND IN PERSONAL FINANCIAL SITUATION

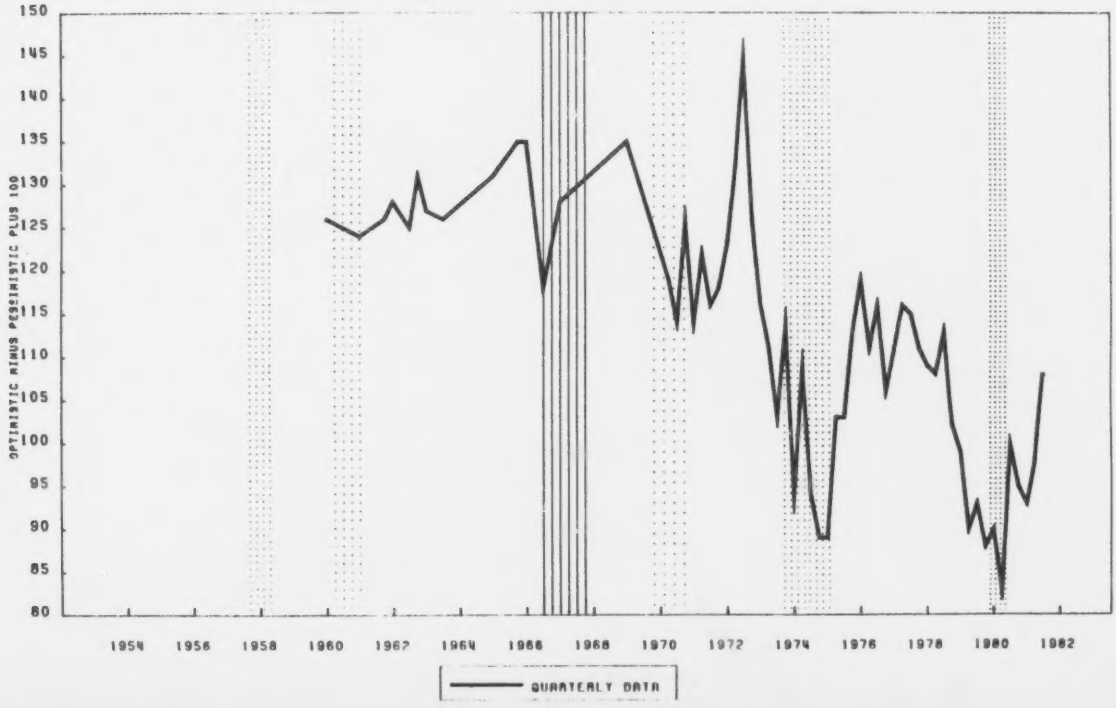


TABLE 7

TREND IN PERSONAL FINANCIAL SITUATION

| | Jul-Sept 1978 | Oct-Dec. 1978 | Jan-Mar. 1979 | Apr-June 1979 | Jul-Sept 1979 | Oct-Dec. 1979 | Jan-Mar. 1980 | Apr-June 1980 | Jul-Sept 1980 | Oct-Dec. 1980 | Jan-Mar. 1981 | Apr-June 1981 | Jul-Sept 1981 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| A. ALL FAMILIES | | | | | | | | | | | | | |
| PERSONAL FINANCIAL PROGRESS: | | | | | | | | | | | | | |
| Continuous increase (a) | 16% | 14% | 14% | 11% | 12% | 11% | 12% | 10% | 13% | 11% | 10% | 13% | 15% |
| Intermittant increase (b) | 25 | 20 | 20 | 20 | 20 | 18 | 19 | 16 | 20 | 19 | 19 | 20 | 22 |
| Remain unchanged (c) | 18 | 17 | 17 | 15 | 16 | 15 | 14 | 13 | 15 | 14 | 15 | 15 | 18 |
| Intermittant decline (d) | 18 | 19 | 20 | 22 | 22 | 24 | 24 | 26 | 22 | 24 | 23 | 25 | 19 |
| Continuous decline (e) | 10 | 13 | 15 | 19 | 16 | 18 | 16 | 17 | 10 | 12 | 12 | 10 | 10 |
| Mixed change (f) | 8 | 10 | 9 | 9 | 11 | 11 | 11 | 15 | 15 | 14 | 15 | 13 | 11 |
| DK,NA | 5 | 7 | 5 | 4 | 3 | 3 | 4 | 3 | 5 | 6 | 6 | 4 | 5 |
| TOTAL | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| B. FAMILIES WITH INCOMES OF $20,000 AND OVER | | | | | | | | | | | | | |
| PERSONAL FINANCIAL PROGRESS: | | | | | | | | | | | | | |
| Continuous increase (a) | 23% | 20% | 22% | 16% | 16% | 13% | 15% | 12% | 16% | 15% | 13% | 18% | 16% |
| Intermittant increase (b) | 27 | 24 | 27 | 24 | 26 | 21 | 21 | 17 | 25 | 21 | 23 | 24 | 25 |
| Remain unchanged (c) | 16 | 14 | 15 | 13 | 15 | 15 | 14 | 13 | 16 | 10 | 12 | 14 | 15 |
| Intermittant decline (d) | 13 | 19 | 15 | 19 | 18 | 23 | 22 | 27 | 19 | 25 | 23 | 22 | 19 |
| Continuous decline (e) | 12 | 11 | 11 | 16 | 13 | 14 | 14 | 14 | 7 | 11 | 10 | 9 | 10 |
| Mixed change (f) | 8 | 8 | 8 | 11 | 10 | 12 | 12 | 15 | 15 | 14 | 16 | 11 | 13 |
| DK,NA | 1 | 4 | 2 | 1 | 2 | 2 | 2 | 2 | 2 | 4 | 3 | 2 | 2 |
| TOTAL | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |

Combination of the responses to the questions on Tables 4 and 6.

Key: (a) Better off financially than a year ago/Better off a year from now
(b) Better/Same or Same/Better
(c) Same/Same
(d) Worse/Same or Same/Worse
(e) Worse/Worse
(f) Worse/Better or Better/Worse

CHART 8

MEDIAN EXPECTED CHANGE IN FAMILY INCOME

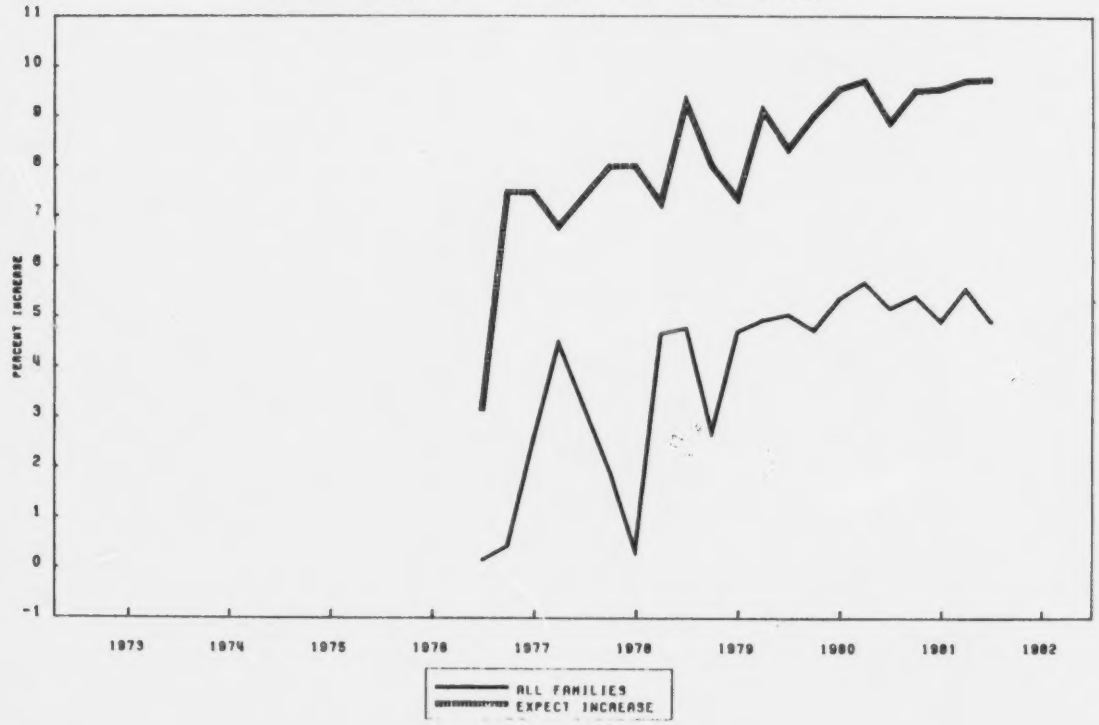


TABLE 8

EXPECTED FAMILY INCOME CHANGE DURING THE NEXT 12 MONTHS

| | Jul-Sept 1978 | Oct-Dec. 1978 | Jan-Mar. 1979 | Apr-June 1979 | Jul-Sept 1979 | Oct-Dec. 1979 | Jan-Mar. 1980 | Apr-June 1980 | Jul-Sept 1980 | Oct-Dec. 1980 | Jan-Mar. 1981 | Apr-June 1981 | Jul-Sept 1981 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| A. ALL FAMILIES | | | | | | | | | | | | | |
| EXPECT INCREASE: | | | | | | | | | | | | | |
| 1-4% | 5% | 5% | 6% | 5% | 5% | 5% | 6% | 5% | 6% | 7% | 7% | 6% | 6% |
| 5% | 10 | 9 | 10 | 7 | 7 | 8 | 8 | 7 | 9 | 8 | 8 | 9 | 8 |
| 6-9% | 11 | 10 | 14 | 15 | 17 | 14 | 14 | 13 | 14 | 12 | 10 | 11 | 10 |
| 10-24% | 18 | 14 | 16 | 18 | 19 | 19 | 20 | 24 | 20 | 23 | 20 | 25 | 23 |
| 25% or more | 8 | 7 | 7 | 8 | 6 | 6 | 9 | 7 | 5 | 7 | 7 | 7 | 7 |
| DK how much up | 10 | 11 | 9 | 8 | 8 | 8 | 7 | 8 | 10 | 9 | 9 | 8 | 6 |
| EXPECT SAME | 26 | 31 | 25 | 26 | 27 | 28 | 24 | 23 | 21 | 22 | 23 | 21 | 26 |
| EXPECT DOWN | 9 | 9 | 10 | 9 | 8 | 8 | 10 | 11 | 13 | 9 | 12 | 10 | 11 |
| DK,NA | 3 | 4 | 3 | 4 | 3 | 4 | 2 | 2 | 2 | 3 | 4 | 3 | 3 |
| TOTAL | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| B. FAMILIES WITH INCOMES OF $20,000 AND OVER | | | | | | | | | | | | | |
| EXPECT INCREASE: | | | | | | | | | | | | | |
| 1-4% | 5% | 5% | 7% | 6% | 4% | 5% | 6% | 4% | 6% | 6% | 7% | 6% | 6% |
| 5% | 14 | 10 | 12 | 8 | 9 | 9 | 8 | 10 | 9 | 9 | 10 | 10 | 11 |
| 6-9% | 17 | 17 | 22 | 22 | 18 | 22 | 20 | 20 | 19 | 18 | 14 | 15 | 15 |
| 10-24% | 27 | 18 | 27 | 23 | 29 | 28 | 26 | 29 | 28 | 29 | 30 | 32 | 30 |
| 25% or more | 5 | 9 | 5 | 8 | 8 | 8 | 8 | 6 | 5 | 7 | 6 | 6 | 7 |
| DK how much up | 5 | 12 | 7 | 6 | 9 | 5 | 6 | 4 | 6 | 7 | 5 | 4 | 3 |
| EXPECT SAME | 19 | 21 | 13 | 18 | 15 | 17 | 17 | 15 | 12 | 13 | 16 | 16 | 16 |
| EXPECT DOWN | 8 | 7 | 6 | 8 | 7 | 5 | 8 | 12 | 13 | 10 | 11 | 10 | 11 |
| DK,NA | * | 1 | 1 | 1 | 1 | 1 | 1 | * | 2 | 1 | 1 | 1 | 1 |
| TOTAL | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |

The questions were: "During the next 12 months, do you expect your (family) income to be higher or lower than during the past year?" and "By about what percent do you expect your (family) income to increase during the next 12 months?"

* : Less than half of one percent.

CHART 9

INCOME OR PRICES UP DURING THE LAST YEAR

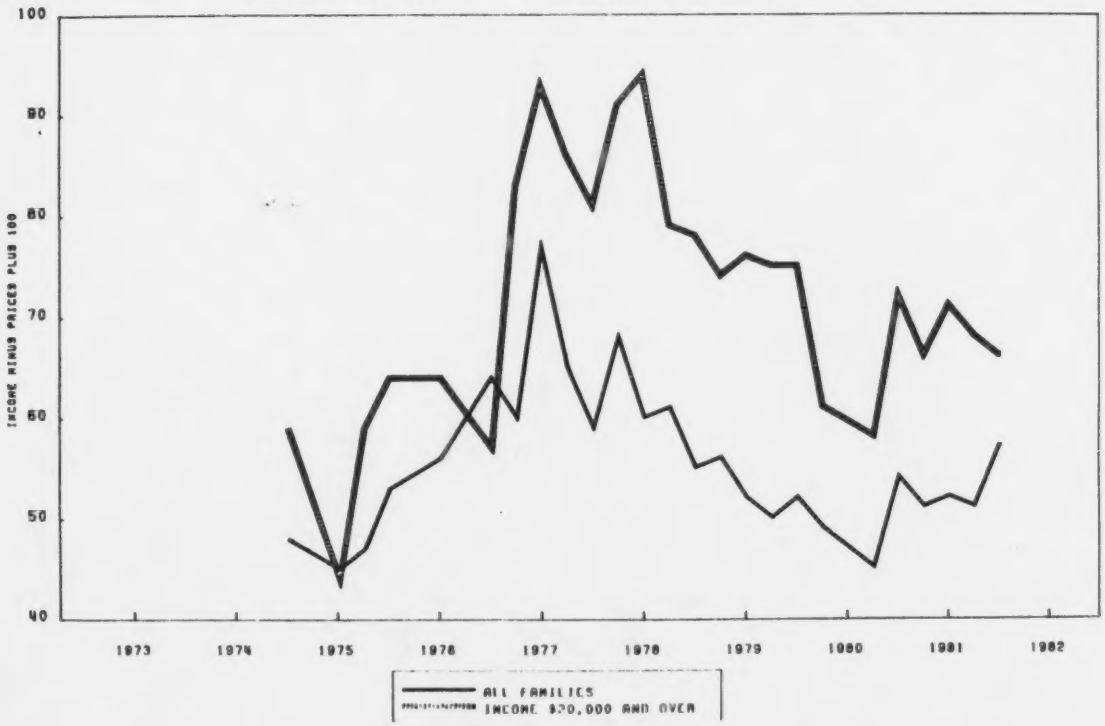


TABLE 9

PAST CHANGE IN REAL FAMILY INCOME

| | Jul-Sept 1978 | Oct-Dec. 1978 | Jan-Mar. 1979 | Apr-June 1979 | Jul-Sept 1979 | Oct-Dec. 1979 | Jan-Mar. 1980 | Apr-June 1980 | Jul-Sept 1980 | Oct-Dec. 1980 | Jan-Mar. 1981 | Apr-June 1981 | Jul-Sept 1981 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| A. ALL FAMILIES | | | | | | | | | | | | | |
| INCOME UP MORE | 13% | 11% | 11% | 11% | 12% | 12% | 13% | 10% | 12% | 12% | 12% | 11% | 13% |
| INCOME UP SAME | 29 | 31 | 27 | 25 | 25 | 23 | 27 | 23 | 28 | 26 | 26 | 27 | 28 |
| PRICES UP MORE | 56 | 55 | 59 | 61 | 61 | 63 | 59 | 65 | 59 | 60 | 60 | 61 | 57 |
| DK,NA | 2 | 3 | 3 | 3 | 2 | 2 | 1 | 2 | 1 | 2 | 2 | 1 | 2 |
| TOTAL | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| B. FAMILIES WITH INCOMES OF $20,000 AND OVER | | | | | | | | | | | | | |
| INCOME UP MORE | 21% | 18% | 22% | 22% | 22% | 16% | 17% | 16% | 20% | 16% | 20% | 17% | 17% |
| INCOME UP SAME | 36 | 37 | 30 | 30 | 31 | 28 | 34 | 27 | 31 | 32 | 30 | 33 | 31 |
| PRICES UP MORE | 43 | 44 | 46 | 47 | 47 | 55 | 48 | 57 | 48 | 51 | 50 | 49 | 51 |
| DK,NA | * | 1 | 2 | 1 | * | 1 | 1 | * | 1 | 1 | * | 1 | 1 |
| TOTAL | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |

The question was: "During the last year or two, would you say that your (family) income went up more than prices, went up about the same as prices, or went up less than prices?"

* : Less than half of one percent.

CHART 10

INCOME OR PRICES UP DURING THE NEXT YEAR

TABLE 10

EXPECTED CHANGE IN REAL FAMILY INCOME

| | Jul-Sept 1978 | Oct-Dec. 1978 | Jan-Mar. 1979 | Apr-June 1979 | Jul-Sept 1979 | Oct-Dec. 1979 | Jan-Mar. 1980 | Apr-June 1980 | Jul-Sept 1980 | Oct-Dec. 1980 | Jan-Mar. 1981 | Apr-June 1981 | Jul-Sept 1981 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| A. ALL FAMILIES | | | | | | | | | | | | | |
| INCOME UP MORE | 11% | 11% | 10% | 10% | 11% | 10% | 10% | 13% | 12% | 14% | 13% | 16% | 15% |
| INCOME UP SAME | 39 | 37 | 35 | 33 | 33 | 35 | 34 | 37 | 39 | 40 | 40 | 41 | 41 |
| PRICES UP MORE | 47 | 47 | 51 | 52 | 52 | 51 | 53 | 47 | 45 | 43 | 42 | 40 | 40 |
| DK,NA | 3 | 5 | 4 | 5 | 4 | 4 | 3 | 3 | 4 | 3 | 5 | 3 | 4 |
| TOTAL | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| B. FAMILIES WITH INCOMES OF $20,000 AND OVER | | | | | | | | | | | | | |
| INCOME UP MORE | 21% | 17% | 18% | 15% | 16% | 14% | 15% | 15% | 18% | 16% | 19% | 19% | 20% |
| INCOME UP SAME | 40 | 41 | 37 | 35 | 37 | 39 | 36 | 41 | 39 | 43 | 43 | 45 | 43 |
| PRICES UP MORE | 38 | 40 | 44 | 49 | 46 | 46 | 48 | 43 | 41 | 39 | 36 | 35 | 35 |
| DK,NA | 1 | 2 | 1 | 1 | 1 | 1 | 1 | 1 | 2 | 2 | 2 | 1 | 2 |
| TOTAL | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |

The question was: "How about the next year or two--do you expect that your (family) income will go up more than prices will go up, about the same, or less than prices will go up?"

CHART 11

TREND IN INCOME AND PRICE COMPARISON

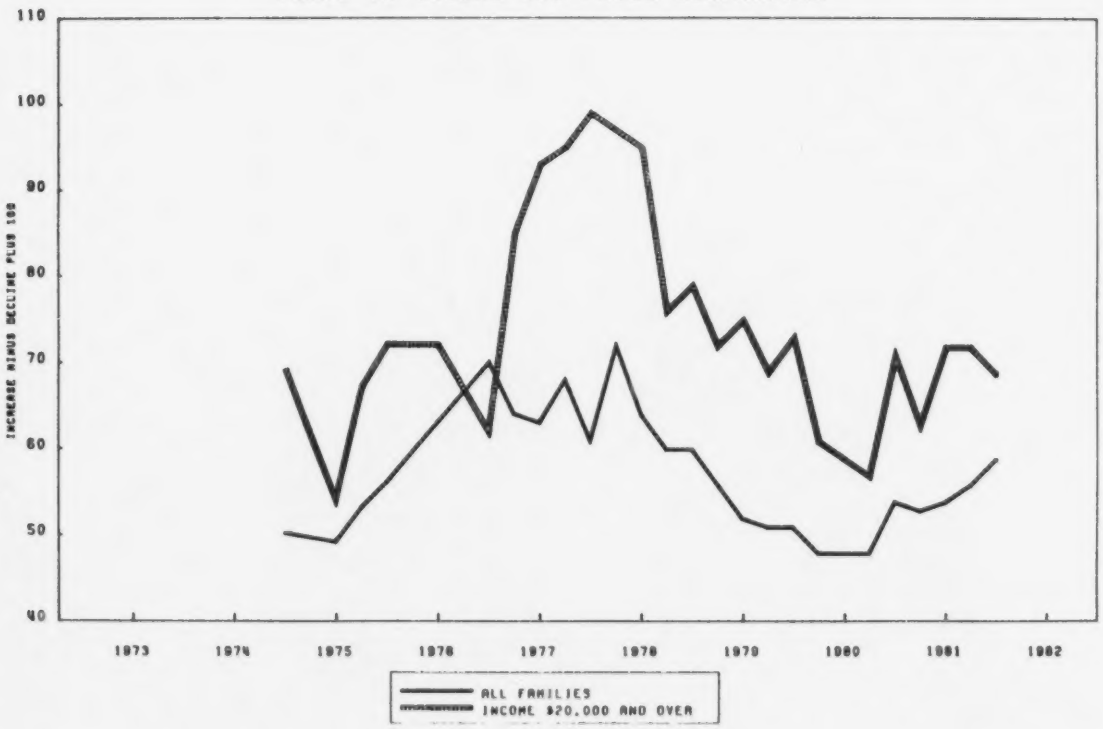


TABLE 11

TREND IN FAMILY INCOME AND PRICES COMPARISONS

| | Jul-Sept 1978 | Oct-Dec. 1978 | Jan-Mar. 1979 | Apr-June 1979 | Jul-Sept 1979 | Oct-Dec. 1979 | Jan-Mar. 1980 | Apr-June 1980 | Jul-Sept 1980 | Oct-Dec. 1980 | Jan-Mar. 1981 | Apr-June 1981 | Jul-Sept 1981 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| A. ALL FAMILIES | | | | | | | | | | | | | |
| REAL INCOME PROGRESS: | | | | | | | | | | | | | |
| Continuous increase (a) | 5% | 5% | 4% | 4% | 4% | 4% | 7% | 4% | 4% | 6% | 6% | 5% | 7% |
| Intermittant increase (b) | 10 | 7 | 7 | 7 | 8 | 8 | 8 | 9 | 10 | 8 | 9 | 9 | 9 |
| Remain unchanged (c) | 18 | 19 | 18 | 15 | 15 | 14 | 16 | 13 | 16 | 16 | 16 | 17 | 18 |
| Intermittant decline (d) | 20 | 21 | 18 | 21 | 20 | 22 | 19 | 24 | 22 | 25 | 24 | 25 | 23 |
| Continuous decline (e) | 35 | 35 | 41 | 39 | 41 | 42 | 42 | 40 | 37 | 35 | 35 | 34 | 33 |
| Mixed change (f) | 6 | 5 | 6 | 7 | 7 | 6 | 6 | 6 | 6 | 6 | 5 | 7 | 6 |
| DK,NA | 6 | 8 | 6 | 7 | 5 | 4 | 2 | 4 | 5 | 4 | 5 | 3 | 4 |
| TOTAL | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| B. FAMILIES WITH INCOMES OF $20,000 AND OVER | | | | | | | | | | | | | |
| REAL INCOME PROGRESS: | | | | | | | | | | | | | |
| Continuous increase (a) | 9% | 9% | 11% | 9% | 9% | 7% | 10% | 7% | 9% | 9% | 11% | 9% | 11% |
| Intermittant increase (b) | 14 | 12 | 12 | 11 | 14 | 10 | 9 | 10 | 15 | 8 | 12 | 14 | 10 |
| Remain unchanged (c) | 24 | 25 | 20 | 19 | 20 | 18 | 22 | 16 | 17 | 20 | 19 | 21 | 20 |
| Intermittant decline (d) | 15 | 18 | 17 | 17 | 18 | 22 | 18 | 25 | 20 | 25 | 22 | 22 | 23 |
| Continuous decline (e) | 29 | 31 | 31 | 34 | 32 | 34 | 34 | 34 | 31 | 29 | 28 | 28 | 28 |
| Mixed change (f) | 8 | 3 | 7 | 7 | 6 | 8 | 6 | 7 | 6 | 6 | 6 | 5 | 7 |
| DK,NA | 1 | 2 | 2 | 3 | 1 | 1 | 1 | 1 | 2 | 3 | 2 | 1 | 1 |
| TOTAL | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |

Combination of the responses to the questions on Tables 9 and 10.

Key: (a) Income up more last year/Income up more next year
(b) Income up more/Same or Income up same/More
(c) Income up same/Same
(d) Prices up more/Same or Prices up same/More
(e) Prices up more/More
(f) Income up more/Prices up more or Prices up more/Income up more

CHART 12 - RECENT CHANGES

NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS

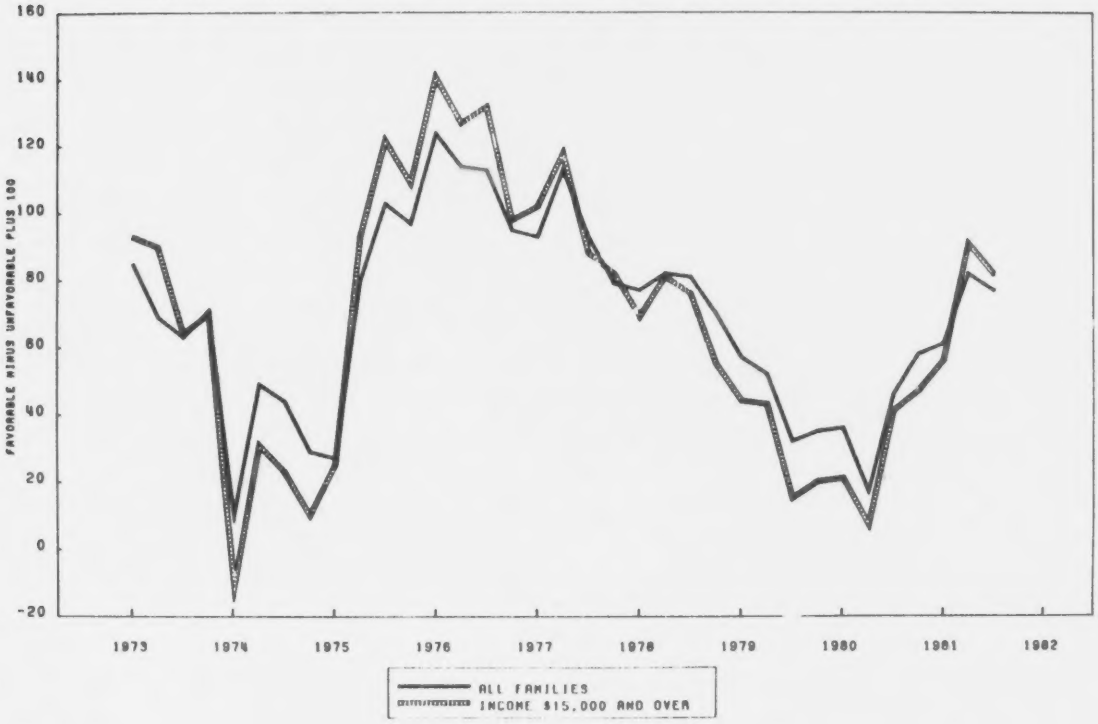



CHART 12 - HISTORICAL SERIES

NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS

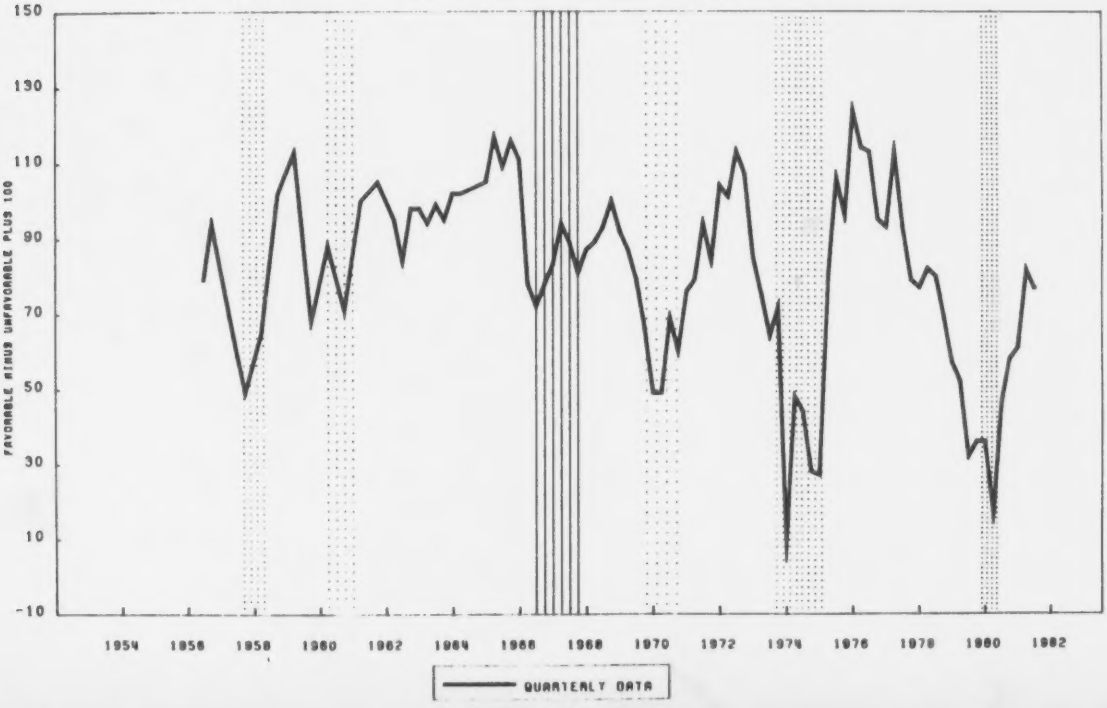


TABLE 12

NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS +

| | Jul-Sept 1978 | Oct-Dec. 1978 | Jan-Mar. 1979 | Apr-June 1979 | Jul-Sept 1979 | Oct-Dec. 1979 | Jan-Mar. 1980 | Apr-June 1980 | Jul-Sept 1980 | Oct-Dec. 1980 | Jan-Mar. 1981 | Apr-June 1981 | Jul-Sept 1981 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| A. ALL FAMILIES | | | | | | | | | | | | | |
| FAVORABLE NEWS | 22% | 18% | 16% | 16% | 12% | 12% | 14% | 12% | 24% | 24% | 24% | 28% | 26% |
| UNFAVORABLE NEWS | 42 | 49 | 59 | 64 | 80 | 76 | 78 | 94 | 79 | 66 | 63 | 46 | 49 |
| NO MENTIONS | 50 | 50 | 45 | 42 | 38 | 42 | 40 | 31 | 34 | 41 | 42 | 49 | 49 |
| B. FAMILIES WITH INCOMES OF $20,000 AND OVER | | | | | | | | | | | | | |
| FAVORABLE NEWS | 30% | 20% | 22% | 22% | 15% | 16% | 15% | 15% | 31% | 29% | 34% | 43% | 35% |
| UNFAVORABLE NEWS | 55 | 65 | 78 | 79 | 100% | 97 | 94 | 108 | 89 | 82 | 78 | 52 | 54 |
| NO MENTIONS | 37 | 39 | 31 | 30 | 26 | 29 | 31 | 23 | 26 | 30 | 30 | 36 | 41 |

The questions were: "During the last few months, have you heard of any favorable or unfavorable changes in business conditions?" and "What did you hear?"

+ : May add to more than 100% due to multiple mentions.

TABLE 13

SELECTED ITEMS OF
NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS +

| | Jul-Sept 1978 | Oct-Dec. 1978 | Jan-Mar. 1979 | Apr-June 1979 | Jul-Sept 1979 | Oct-Dec. 1979 | Jan-Mar. 1980 | Apr-June 1980 | Jul-Sept 1980 | Oct-Dec. 1980 | Jan-Mar. 1981 | Apr-June 1981 | Jul-Sept 1981 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| A. ALL FAMILIES | | | | | | | | | | | | | |
| FAVORABLE NEWS: | | | | | | | | | | | | | |
| Government; elections | 3% | 3% | 1% | 1% | 1% | 1% | 1% | 1% | 1% | 4% | 7% | 5% | 6% |
| Employment | 8 | 7 | 6 | 6 | 5 | 4 | 5 | 2 | 6 | 7 | 6 | 6 | 7 |
| Higher consumer demand | 2 | 2 | 2 | 1 | 1 | 1 | 1 | 1 | 2 | 2 | 1 | 3 | 2 |
| Lower prices | 1 | * | 1 | 1 | * | 1 | 1 | 1 | 1 | 1 | 1 | 2 | 2 |
| Easier credit | * | * | * | * | * | * | 1 | 4 | 7 | 1 | 3 | 3 | 2 |
| UNFAVORABLE NEWS: | | | | | | | | | | | | | |
| Government; elections | 5 | 3 | 5 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 5 | 5 | 5 |
| Unemployment | 10 | 10 | 11 | 12 | 18 | 18 | 17 | 37 | 33 | 22 | 18 | 16 | 17 |
| Lower consumer demand | 1 | 2 | 3 | 3 | 7 | 8 | 9 | 9 | 11 | 9 | 11 | 5 | 4 |
| Higher prices | 10 | 11 | 15 | 18 | 18 | 13 | 16 | 12 | 12 | 9 | 9 | 5 | 4 |
| Tighter credit | 4 | 7 | 6 | 3 | 5 | 14 | 13 | 16 | 6 | 13 | 8 | 7 | 8 |
| Energy crisis | 1 | 1 | 4 | 11 | 10 | 4 | 3 | 1 | 1 | 1 | 1 | * | 1 |
| B. FAMILIES WITH INCOMES OF $20,000 AND OVER | | | | | | | | | | | | | |
| FAVORABLE NEWS: | | | | | | | | | | | | | |
| Government; elections | 2% | 4% | 3% | 2% | 1% | 1% | 1% | 2% | 1% | 5% | 12% | 9% | 9% |
| Employment | 12 | 7 | 7 | 8 | 6 | 5 | 5 | 3 | 6 | 9 | 8 | 9 | 9 |
| Higher consumer demand | 2 | 2 | 2 | 2 | 1 | 1 | 1 | * | 2 | 2 | 2 | 3 | 3 |
| Lower prices | 2 | 1 | 1 | * | * | 1 | 1 | 1 | 1 | 1 | 1 | 3 | 3 |
| Easier credit | 1 | * | * | 1 | * | 1 | 1 | 7 | 11 | 2 | 3 | 6 | 3 |
| UNFAVORABLE NEWS: | | | | | | | | | | | | | |
| Government; elections | 5 | 4 | 7 | 4 | 3 | 4 | 3 | 3 | 4 | 3 | 6 | 4 | 4 |
| Unemployment | 8 | 11 | 12 | 12 | 19 | 20 | 21 | 39 | 38 | 26 | 19 | 16 | 18 |
| Lower consumer demand | 1 | 2 | 3 | 4 | 10 | 10 | 12 | 12 | 13 | 11 | 13 | 7 | 6 |
| Higher prices | 12 | 13 | 20 | 22 | 21 | 15 | 18 | 12 | 9 | 9 | 10 | 6 | 4 |
| Tighter credit | 9 | 11 | 11 | 6 | 8 | 22 | 18 | 23 | 8 | 19 | 15 | 10 | 10 |
| Energy crisis | 2 | 1 | 7 | 14 | 12 | 5 | 3 | 1 | 1 | 1 | 1 | * | * |

The questions were: "During the last few months, have you heard of any favorable or unfavorable changes in business conditions?" and "What did you hear?"

+ : May add to more than 100% due to multiple mentions.

* : Less than half of one percent.



BEST AVAILABLE COPY

CHART 14 - RECENT CHANGES

CURRENT BUSINESS CONDITIONS COMPARED WITH A YEAR AGO

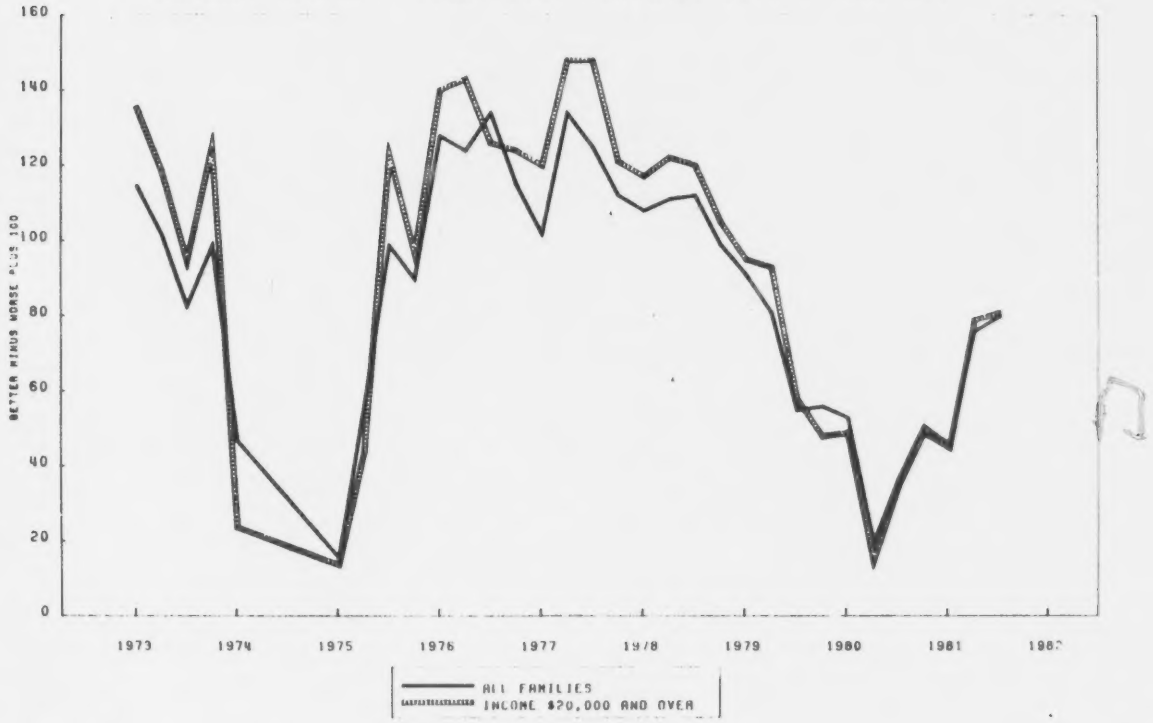



CHART 14 - HISTORICAL SERIES

CURRENT BUSINESS CONDITIONS COMPARED WITH A YEAR AGO

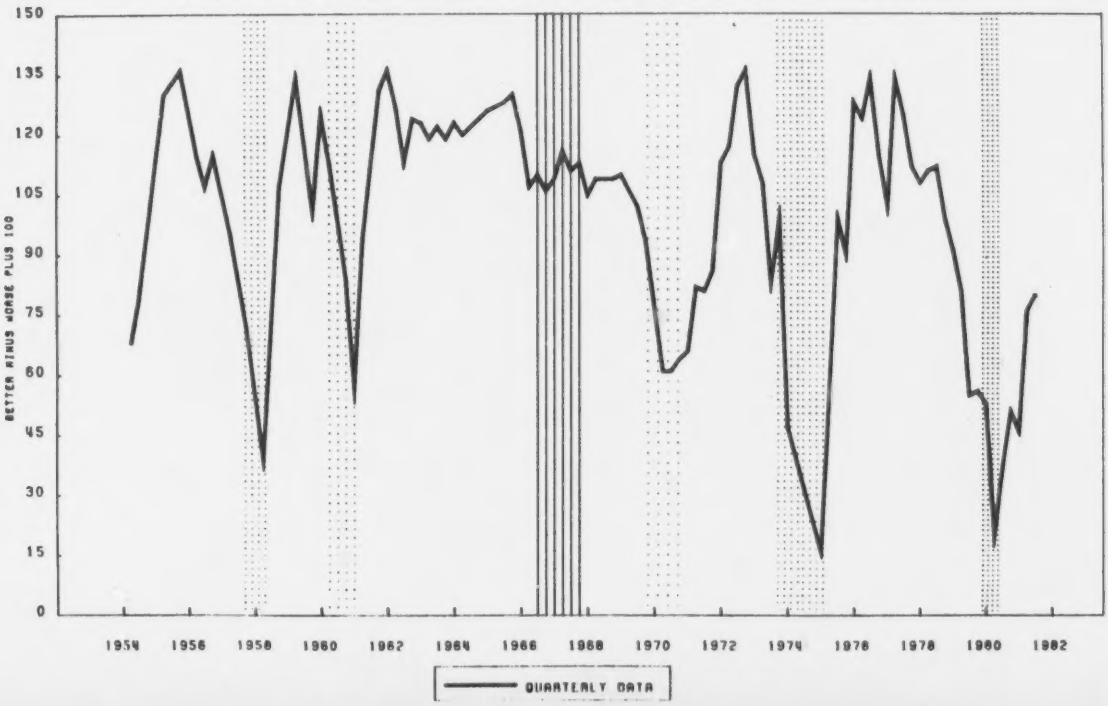


TABLE 14

CURRENT BUSINESS CONDITIONS COMPARED TO A YEAR AGO

| | Jul-Sept 1978 | Oct-Dec. 1978 | Jan-Mar. 1979 | Apr-June 1979 | Jul-Sept 1979 | Oct-Dec. 1979 | Jan-Mar. 1980 | Apr-June 1980 | Jul-Sept 1980 | Oct-Dec. 1980 | Jan-Mar. 1981 | Apr-June 1981 | Jul-Sept 1981 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| A. ALL FAMILIES | | | | | | | | | | | | | |
| BETTER NOW | 46% | 38% | 36% | 32% | 21% | 20% | 19% | 7% | 15% | 19% | 15% | 28% | 31% |
| SAME | 15 | 19 | 15 | 14 | 10 | 12 | 12 | 6 | 7 | 11 | 14 | 17 | 15 |
| WORSE NOW | 35 | 39 | 45 | 50 | 66 | 65 | 66 | 86 | 77 | 67 | 69 | 53 | 51 |
| DK,NA | 4 | 4 | 4 | 4 | 3 | 3 | 3 | 1 | 1 | 3 | 2 | 2 | 3 |
| TOTAL | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| B. FAMILIES WITH INCOMES OF $20,000 AND OVER | | | | | | | | | | | | | |
| BETTER NOW | 52% | 44% | 39% | 39% | 23% | 19% | 18% | 4% | 14% | 18% | 16% | 31% | 34% |
| SAME | 13 | 15 | 15 | 13 | 9 | 10 | 12 | 5 | 5 | 11 | 12 | 16 | 12 |
| WORSE NOW | 33 | 39 | 45 | 46 | 66 | 70 | 69 | 90 | 80 | 70 | 71 | 52 | 52 |
| DK,NA | 2 | 2 | 1 | 2 | 2 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 2 |
| TOTAL | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |

The question was: "Would you say that at the present time business conditions are better or worse than they were a year ago?"

CHART 15 - RECENT CHANGES

EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

CHART 15 - HISTORICAL SERIES

EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

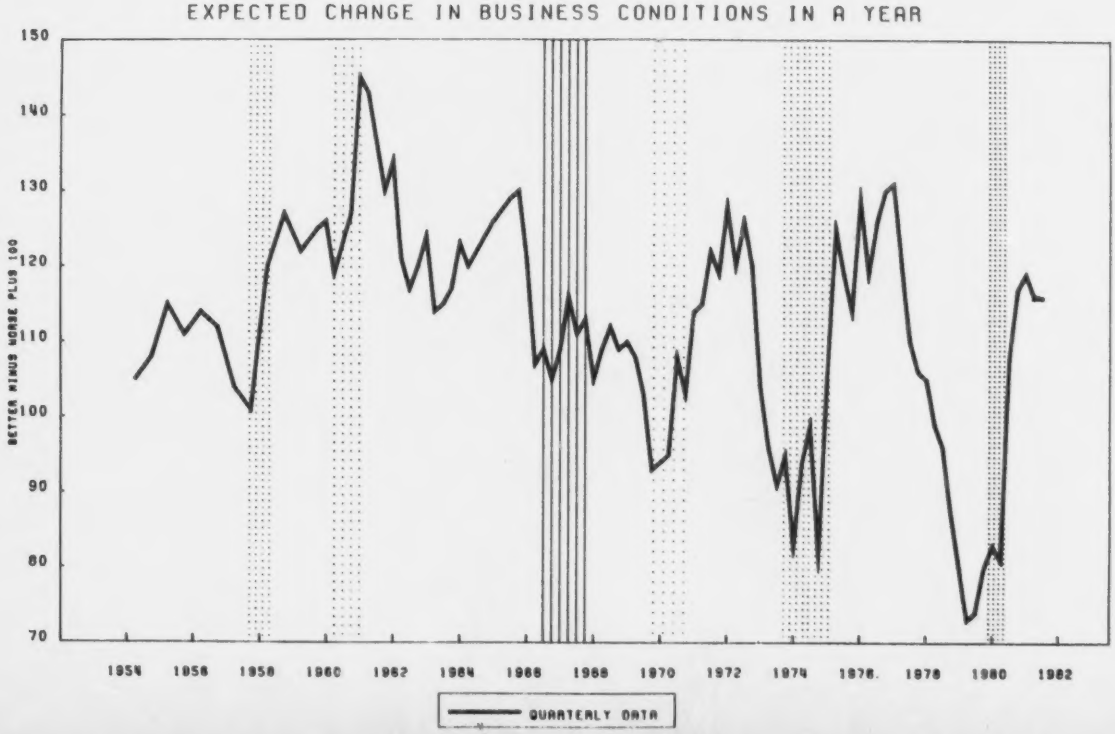


TABLE 15

EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

| | Jul-Sept 1978 | Oct-Dec. 1978 | Jan-Mar. 1979 | Apr-June 1979 | Jul-Sept 1979 | Oct-Dec. 1979 | Jan-Mar. 1980 | Apr-June 1980 | Jul-Sept 1980 | Oct-Dec. 1980 | Jan-Mar. 1981 | Apr-June 1981 | Jul-Sept 1981 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| A. ALL FAMILIES | | | | | | | | | | | | | |
| BETTER | 19% | 17% | 14% | 11% | 13% | 15% | 17% | 20% | 29% | 34% | 37% | 36% | 34% |
| SAME | 55 | 49 | 48 | 46 | 45 | 46 | 45 | 37 | 45 | 44 | 42 | 42 | 44 |
| WORSE | 23 | 29 | 34 | 39 | 39 | 36 | 35 | 39 | 22 | 17 | 18 | 20 | 19 |
| DK,NA | 3 | 5 | 4 | 4 | 3 | 3 | 3 | 4 | 4 | 5 | 3 | 2 | 3 |
| TOTAL | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| B. FAMILIES WITH INCOMES OF $20,000 AND OVER | | | | | | | | | | | | | |
| BETTER | 19% | 18% | 15% | 13% | 15% | 18% | 19% | 24% | 34% | 40% | 42% | 41% | 41% |
| SAME | 51 | 44 | 45 | 43 | 39 | 43 | 45 | 38 | 44 | 41 | 40 | 42 | 44 |
| WORSE | 29 | 34 | 38 | 43 | 45 | 38 | 35 | 36 | 20 | 16 | 15 | 16 | 13 |
| DK,NA | 1 | 4 | 2 | 1 | 1 | 1 | 1 | 2 | 2 | 3 | 3 | 1 | 2 |
| TOTAL | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |

The question was: "And how about a year from now, do you expect that in the country as a whole business conditions will be better, or worse than they are at present, or just about the same?"

TABLE 16

REASONS FOR OPINIONS ABOUT CHANGES IN BUSINESS CONDITIONS IN A YEAR +

| | Jul-Sept 1978 | Oct-Dec. 1978 | Jan-Mar. 1979 | Apr-June 1979 | Jul-Sept 1979 | Oct-Dec. 1979 | Jan-Mar. 1980 | Apr-June 1980 | Jul-Sept 1980 | Oct-Dec. 1980 | Jan-Mar. 1981 | Apr-June 1981 | Jul-Sept 1981 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| A. ALL FAMILIES | | | | | | | | | | | | | |
| FAVORABLE REASONS: | | | | | | | | | | | | | |
| Government; elections | 7% | 6% | 5% | 4% | 6% | 9% | 11% | 10% | 15% | 26% | 33% | 27% | 25% |
| Employment | 4 | 4 | 4 | 3 | 2 | 2 | 4 | 2 | 4 | 4 | 3 | 4 | 3 |
| Higher consumer demand | 4 | 3 | 3 | 4 | 3 | 2 | 3 | 2 | 3 | 3 | 2 | 2 | 3 |
| Lower prices | 2 | 3 | 2 | 1 | 1 | 2 | 1 | 3 | 2 | 3 | 2 | 2 | 3 |
| Easier credit | * | * | 1 | 1 | * | 2 | 1 | 3 | 3 | 2 | 3 | 3 | 4 |
| UNFAVORABLE REASONS: | | | | | | | | | | | | | |
| Government; elections | 13 | 8 | 12 | 9 | 9 | 8 | 13 | 10 | 9 | 9 | 8 | 9 | 11 |
| Unemployment | 7 | 5 | 5 | 5 | 9 | 9 | 5 | 12 | 8 | 6 | 6 | 6 | 7 |
| Lower consumer demand | 4 | 4 | 4 | 5 | 7 | 7 | 7 | 5 | 5 | 3 | 4 | 4 | 5 |
| Higher prices | 20 | 21 | 22 | 27 | 24 | 23 | 16 | 16 | 11 | 9 | 9 | 8 | 7 |
| Tighter credit | 2 | 4 | 2 | 3 | 2 | 7 | 3 | 7 | 2 | 4 | 3 | 3 | 6 |
| Energy crisis | 1 | 1 | 4 | 14 | 8 | 6 | 6 | 2 | 1 | 1 | 1 | * | * |
| B. FAMILIES WITH INCOMES OF $20,000 AND OVER | | | | | | | | | | | | | |
| FAVORABLE REASONS: | | | | | | | | | | | | | |
| Government; elections | 7% | 6% | 7% | 4% | 7% | 12% | 15% | 11% | 17% | 31% | 38% | 33% | 29% |
| Employment | 5 | 2 | 3 | 2 | 3 | 1 | 4 | 3 | 5 | 5 | 3 | 4 | 5 |
| Higher consumer demand | 5 | 3 | 4 | 3 | 2 | 3 | 5 | 2 | 4 | 5 | 3 | 3 | 4 |
| Lower prices | 2 | 3 | 2 | 1 | 2 | 2 | 2 | 4 | 2 | 3 | 3 | 3 | 4 |
| Easier credit | 1 | 1 | 2 | 1 | * | 4 | 3 | 6 | 3 | 4 | 5 | 5 | 8 |
| UNFAVORABLE REASONS: | | | | | | | | | | | | | |
| Government; elections | 15 | 11 | 12 | 10 | 11 | 10 | 13 | 8 | 9 | 8 | 8 | 8 | 7 |
| Unemployment | 8 | 4 | 5 | 4 | 9 | 9 | 4 | 11 | 7 | 4 | 4 | 5 | 6 |
| Higher consumer demand | 5 | 4 | 5 | 5 | 7 | 7 | 6 | 5 | 6 | 4 | 5 | 3 | 3 |
| Higher prices | 18 | 21 | 27 | 31 | 27 | 28 | 21 | 15 | 10 | 10 | 7 | 7 | 5 |
| Tighter credit | 2 | 6 | 4 | 3 | 2 | 11 | 3 | 9 | 3 | 5 | 4 | 4 | 8 |
| Energy crisis | 1 | 1 | 6 | 16 | 12 | 6 | 5 | 3 | 1 | 1 | 2 | * | * |

The question was: "Why do you expect business conditions to be better/the same/worse a year from now?" following the question on table 15.

+ : May add to more than 100% due to multiple mentions.

* : Less than half of one percent.

CHART 17 - RECENT CHANGES

TREND IN PAST AND EXPECTED CHANGES IN BUSINESS CONDITIONS

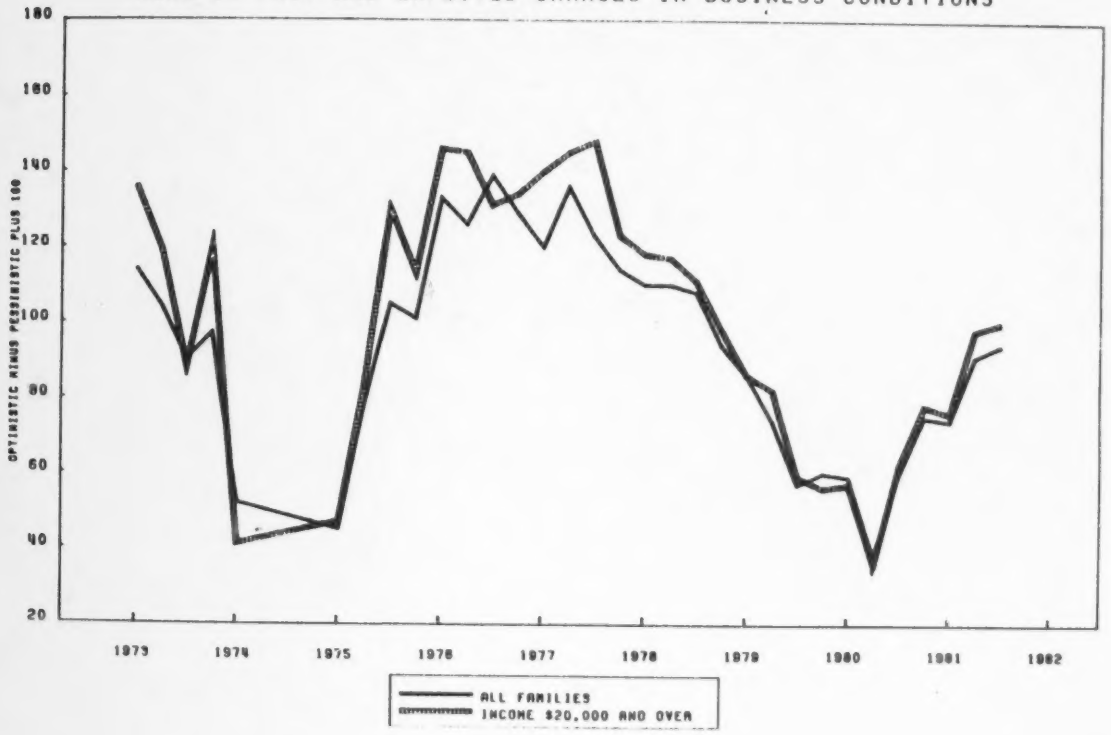



CHART 17 - HISTORICAL SERIES

TREND IN PAST AND EXPECTED BUSINESS CONDITIONS

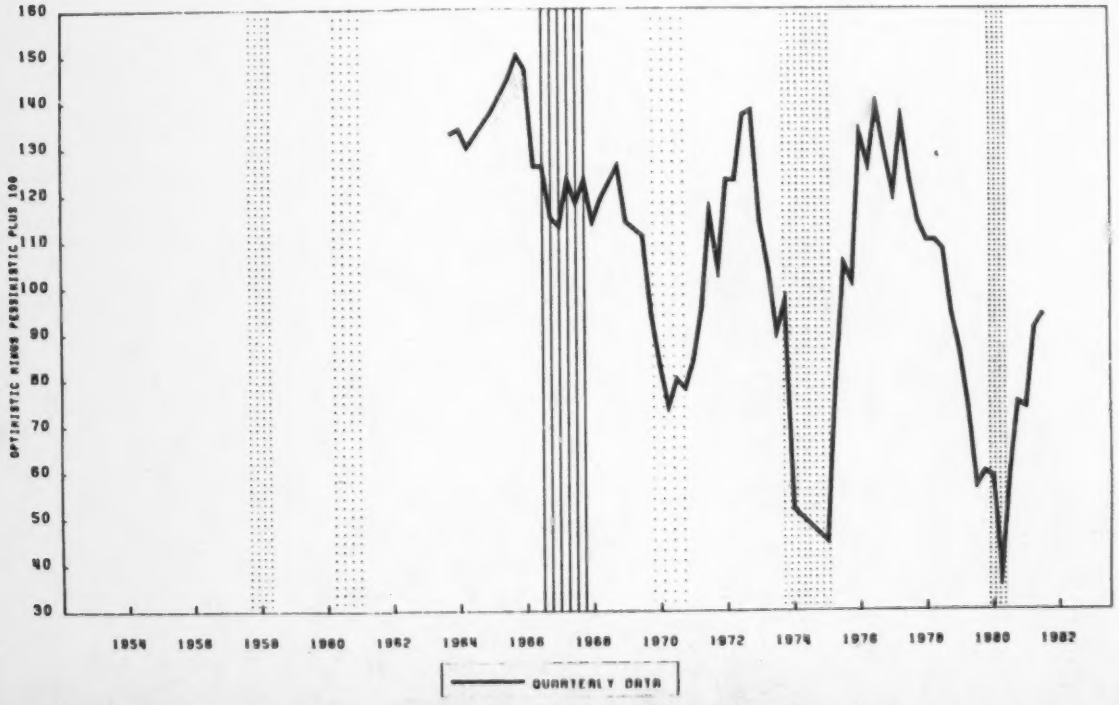


TABLE 17

TREND IN PAST AND EXPECTED CHANGES IN BUSINESS CONDITIONS

| | Jul-Sept 1978 | Oct-Dec. 1978 | Jan-Mar. 1979 | Apr-June 1979 | Jul-Sept 1979 | Oct-Dec. 1979 | Jan-Mar. 1980 | Apr-June 1980 | Jul-Sept 1980 | Oct-Dec. 1980 | Jan-Mar. 1981 | Apr-June 1981 | Jul-Sept 1981 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| A. ALL FAMILIES | | | | | | | | | | | | | |
| TREND: | | | | | | | | | | | | | |
| Continuous increase (a) | 14% | 10% | 8% | 7% | 4% | 5% | 6% | 2% | 5% | 8% | 7% | 16% | 16% |
| Intermittant increase (b) | 27 | 23 | 21 | 16 | 13 | 12 | 10 | 5 | 9 | 12 | 12 | 15 | 18 |
| Remain unchanged (c) | 10 | 10 | 9 | 9 | 5 | 7 | 7 | 2 | 3 | 5 | 7 | 9 | 7 |
| Intermittant decline (d) | 20 | 21 | 21 | 25 | 29 | 30 | 31 | 33 | 35 | 31 | 30 | 26 | 26 |
| Continuous decline (e) | 13 | 18 | 22 | 24 | 31 | 28 | 26 | 36 | 19 | 14 | 15 | 14 | 14 |
| Mixed change (f) | 10 | 10 | 12 | 13 | 13 | 13 | 15 | 18 | 24 | 23 | 24 | 16 | 15 |
| DK,NA | 6 | 8 | 7 | 6 | 5 | 5 | 5 | 4 | 5 | 7 | 5 | 4 | 4 |
| TOTAL | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| B. FAMILIES WITH INCOMES OF $20,000 AND OVER | | | | | | | | | | | | | |
| TREND: | | | | | | | | | | | | | |
| Continuous increase (a) | 15% | 11% | 8% | 8% | 5% | 5% | 5% | 2% | 6% | 10% | 9% | 18% | 18% |
| Intermittant increase (b) | 28 | 24 | 22 | 20 | 14 | 12 | 11 | 3 | 8 | 12 | 11 | 17 | 18 |
| Remain unchanged (c) | 9 | 8 | 8 | 7 | 3 | 5 | 7 | 2 | 2 | 5 | 5 | 8 | 6 |
| Intermittant decline (d) | 17 | 17 | 21 | 21 | 26 | 31 | 31 | 35 | 35 | 29 | 31 | 26 | 27 |
| Continuous decline (e) | 16 | 20 | 23 | 25 | 34 | 30 | 27 | 34 | 18 | 14 | 13 | 11 | 9 |
| Mixed change (f) | 13 | 14 | 15 | 16 | 15 | 15 | 16 | 22 | 28 | 26 | 28 | 18 | 20 |
| DK,NA | 2 | 6 | 3 | 3 | 3 | 2 | 3 | 2 | 3 | 4 | 3 | 2 | 2 |
| TOTAL | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |

Combination of the responses to the questions on Tables 14 and 15.

Key: (a) Better than a year ago/Better a year from now
(b) Better/Same or Same/Better
(c) Same/Same
(d) Worse/Same or Same/Worse
(e) Worse/Worse
(f) Worse/Better or Better/Worse

CHART 18 - RECENT CHANGES

BUSINESS CONDITIONS EXPECTED DURING THE NEXT TWELVE MONTHS

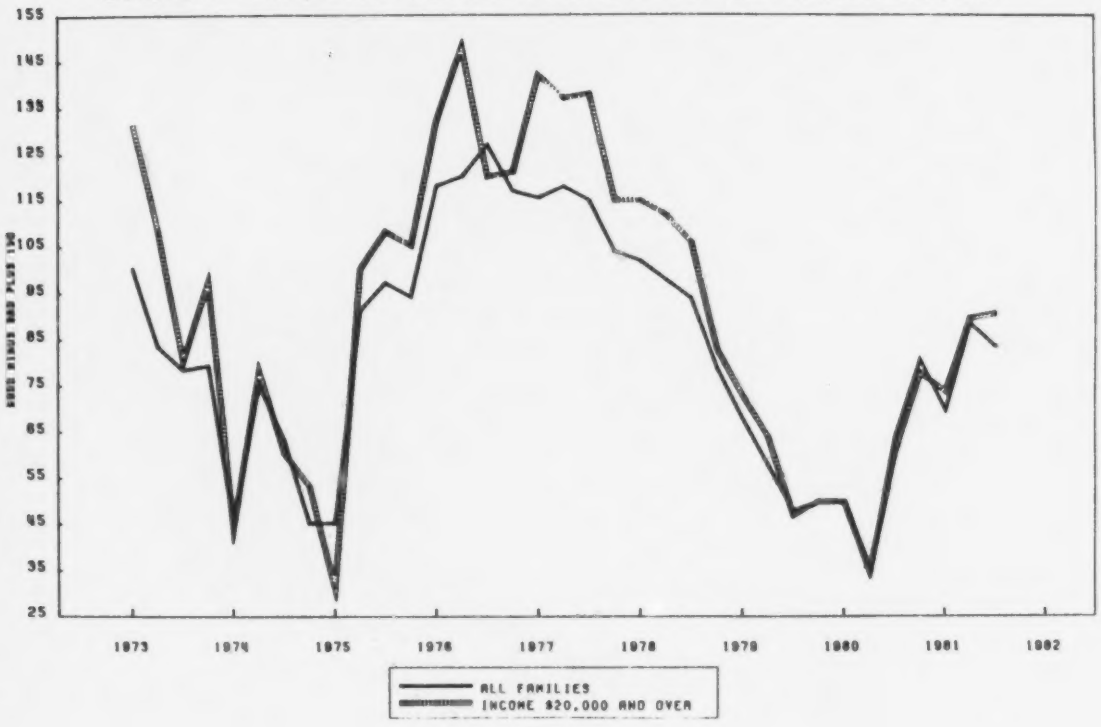



CHART 18 - HISTORICAL SERIES

BUSINESS CONDITIONS EXPECTED DURING THE NEXT TWELVE MONTHS

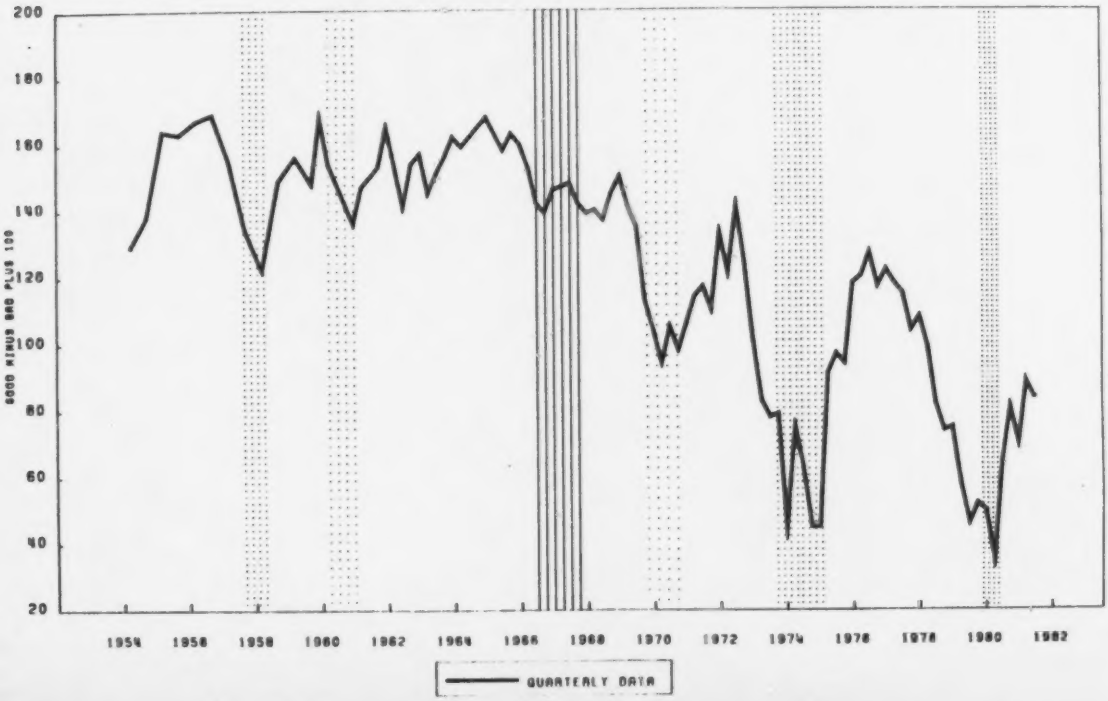


TABLE 18

BUSINESS CONDITIONS EXPECTED DURING THE NEXT 12 MONTHS

| | Jul-Sept 1978 | Oct-Dec. 1978 | Jan-Mar. 1979 | Apr-June 1979 | Jul-Sept 1979 | Oct-Dec. 1979 | Jan-Mar. 1980 | Apr-June 1980 | Jul-Sept 1980 | Oct-Dec. 1980 | Jan-Mar. 1981 | Apr-June 1981 | Jul-Sept 1981 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| A. ALL FAMILIES | | | | | | | | | | | | | |
| GOOD TIMES | 39% | 29% | 25% | 22% | 18% | 19% | 20% | 14% | 26% | 32% | 28% | 39% | 36% |
| UNCERTAIN; GOOD & BAD | 6 | 8 | 6 | 4 | 2 | 2 | 1 | 1 | 2 | 2 | 3 | 3 | 3 |
| BAD TIMES | 45 | 50 | 57 | 63 | 69 | 69 | 70 | 78 | 63 | 52 | 58 | 51 | 52 |
| DON'T KNOW | 6 | 9 | 7 | 5 | 5 | 4 | 4 | 4 | 6 | 8 | 7 | 5 | 5 |
| NOT ASCERTAINED | 4 | 4 | 5 | 6 | 6 | 6 | 5 | 3 | 3 | 6 | 4 | 2 | 4 |
| TOTAL | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| B. FAMILIES WITH INCOMES OF $20,000 AND OVER | | | | | | | | | | | | | |
| GOOD TIMES | 47% | 33% | 30% | 26% | 19% | 20% | 21% | 15% | 28% | 33% | 33% | 41% | 40% |
| UNCERTAIN; GOOD & BAD | 7 | 9 | 6 | 4 | 2 | 2 | 1 | 2 | 2 | 2 | 2 | 3 | 3 |
| BAD TIMES | 42 | 51 | 58 | 63 | 72 | 70 | 71 | 80 | 66 | 55 | 59 | 51 | 49 |
| DON'T KNOW | 2 | 4 | 3 | 2 | 2 | 2 | 3 | 1 | 2 | 5 | 2 | 3 | 4 |
| NOT ASCERTAINED | 2 | 3 | 3 | 5 | 5 | 6 | 4 | 2 | 2 | 5 | 4 | 2 | 4 |
| TOTAL | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |

The question was: "Now turning to business conditions in the country as a whole--do you think that during the next 12 months we'll have good times financially, or bad times or what?"

CHART 19 - RECENT CHANGES

BUSINESS CONDITIONS EXPECTED FOR THE NEXT FIVE YEARS

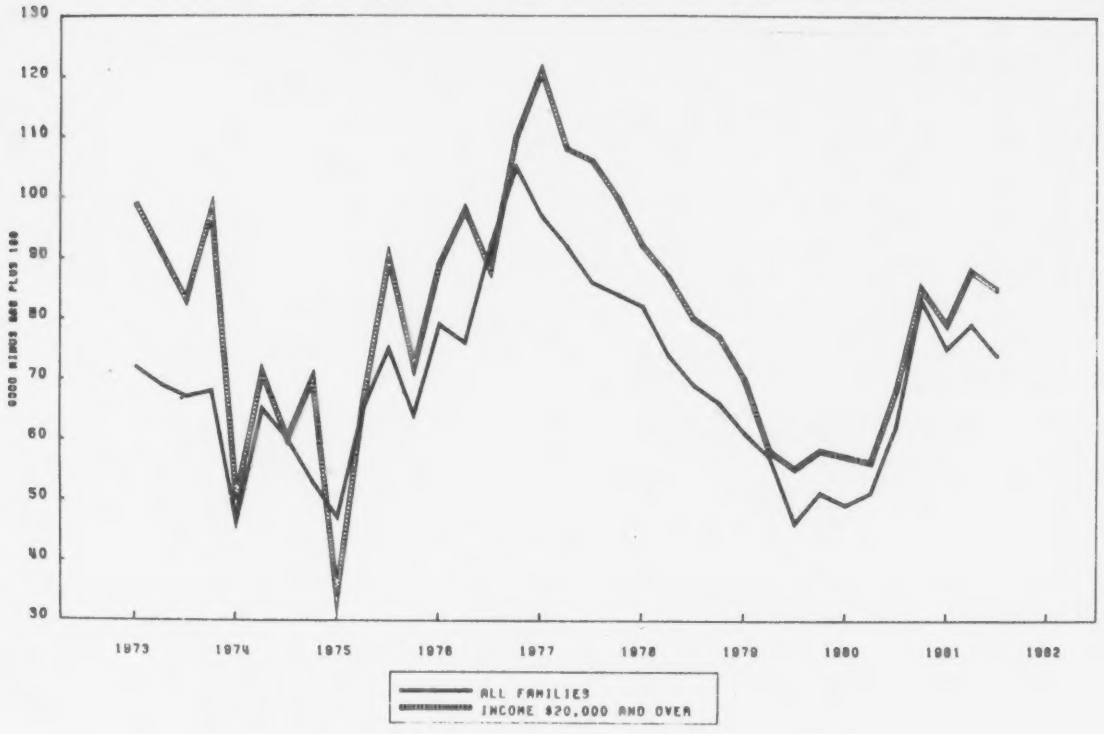



CHART 19 - HISTORICAL SERIES

BUSINESS CONDITIONS EXPECTED FOR THE NEXT FIVE YEARS

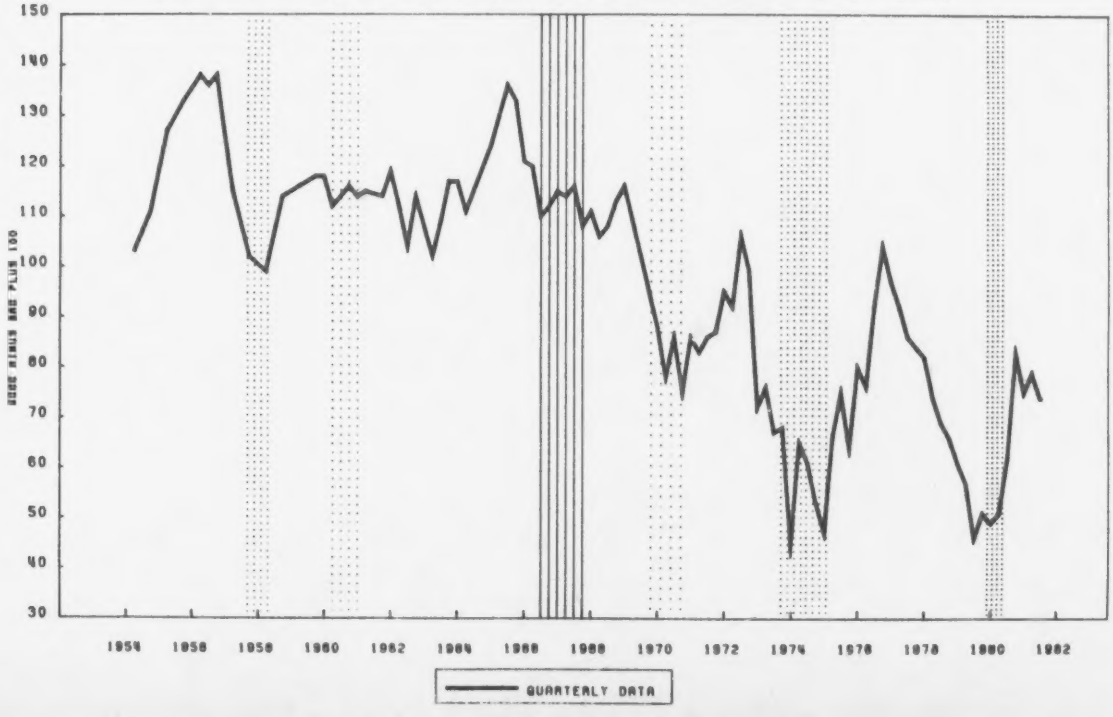


TABLE 19

BUSINESS CONDITIONS EXPECTED DURING THE NEXT FIVE YEARS

| | Jul-Sept 1978 | Oct-Dec. 1978 | Jan-Mar. 1979 | Apr-June 1979 | Jul-Sept 1979 | Oct-Dec. 1979 | Jan-Mar. 1980 | Apr-June 1980 | Jul-Sept 1980 | Oct-Dec. 1980 | Jan-Mar. 1981 | Apr-June 1981 | Jul-Sept 1981 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| A. ALL FAMILIES | | | | | | | | | | | | | |
| GOOD TIMES | 23% | 18% | 19% | 17% | 13% | 16% | 17% | 17% | 21% | 29% | 28% | 32% | 28% |
| UNCERTAIN; GOOD & BAD | 17 | 20 | 16 | 15 | 15 | 14 | 11 | 12 | 14 | 17 | 14 | 11 | 13 |
| BAD TIMES | 54 | 52 | 58 | 60 | 67 | 65 | 68 | 66 | 59 | 46 | 53 | 53 | 54 |
| NOT ASCERTAINED | 6 | 10 | 7 | 8 | 5 | 5 | 4 | 5 | 6 | 8 | 5 | 4 | 5 |
| TOTAL | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| B. FAMILIES WITH INCOMES OF $20,000 AND OVER | | | | | | | | | | | | | |
| GOOD TIMES | 29% | 23% | 24% | 18% | 16% | 20% | 21% | 19% | 25% | 31% | 30% | 36% | 33% |
| UNCERTAIN; GOOD & BAD | 18 | 21 | 18 | 15 | 17 | 13 | 10 | 12 | 13 | 16 | 14 | 12 | 13 |
| BAD TIMES | 49 | 46 | 55 | 60 | 62 | 62 | 65 | 63 | 57 | 46 | 50 | 48 | 48 |
| NOT ASCERTAINED | 4 | 10 | 3 | 7 | 5 | 5 | 4 | 6 | 5 | 7 | 6 | 4 | 6 |
| TOTAL | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |

The question was: "Looking ahead, which would you say is more likely--that in the country as a whole we'll have continuous good times during the next 5 years or so, or that we will have periods of widespread unemployment or depression, or what?"

CHART 20 - RECENT CHANGES
EXPECTED CHANGE IN UNEMPLOYMENT

CHART 20 - HISTORICAL SERIES
EXPECTED CHANGE IN UNEMPLOYMENT

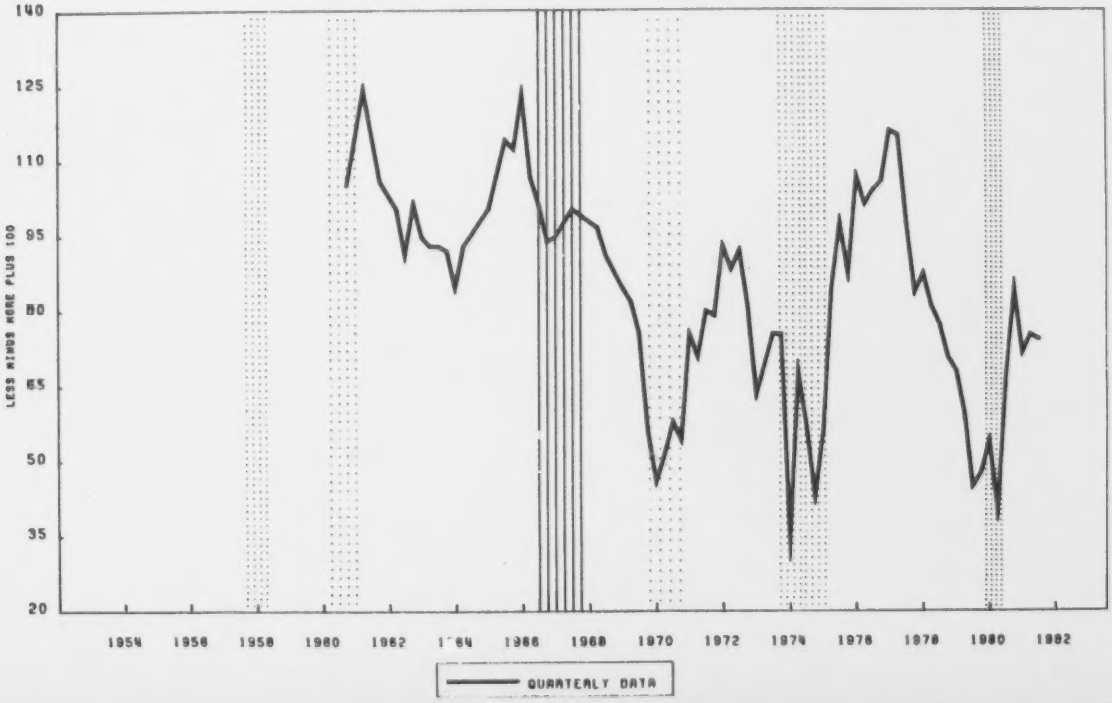


TABLE 20

EXPECTED CHANGE IN UNEMPLOYMENT

| | Jul-Sept 1978 | Oct-Dec. 1978 | Jan-Mar. 1979 | Apr-June 1979 | Jul-Sept 1979 | Oct-Dec. 1979 | Jan-Mar. 1980 | Apr-June 1980 | Jul-Sept 1980 | Oct-Dec. 1980 | Jan-Mar. 1981 | Apr-June 1981 | Jul-Sept 1981 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| A. ALL FAMILIES | | | | | | | | | | | | | |
| LESS | 14% | 12% | 11% | 8% | 6% | 7% | 10% | 7% | 17% | 21% | 16% | 17% | 16% |
| SAME | 51 | 47 | 47 | 42 | 32 | 34 | 36 | 26 | 35 | 45 | 42 | 44 | 45 |
| MORE | 32 | 37 | 39 | 46 | 60 | 57 | 52 | 66 | 46 | 31 | 40 | 37 | 37 |
| DK,NA | 3 | 4 | 3 | 4 | 2 | 2 | 2 | 1 | 2 | 3 | 2 | 2 | 2 |
| TOTAL | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| B. FAMILIES WITH INCOMES OF $20,000 AND OVER | | | | | | | | | | | | | |
| LESS | 13% | 9% | 9% | 5% | 5% | 4% | 9% | 7% | 16% | 21% | 16% | 18% | 17% |
| SAME | 51 | 51 | 48 | 42 | 29 | 32 | 36 | 24 | 36 | 47 | 42 | 45 | 48 |
| MORE | 35 | 38 | 42 | 51 | 65 | 63 | 54 | 69 | 48 | 31 | 41 | 36 | 34 |
| DK,NA | 1 | 2 | 1 | 2 | 1 | 1 | 1 | * | * | 1 | 1 | 1 | 1 |
| TOTAL | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |

The question was: "How about people out of work during the coming 12 months--do you think that there will be more unemployment than now, about the same, or less?"

* : Less than half of one percent.

CHART 21 - RECENT CHANGES
EXPECTED CHANGE IN INTEREST RATES

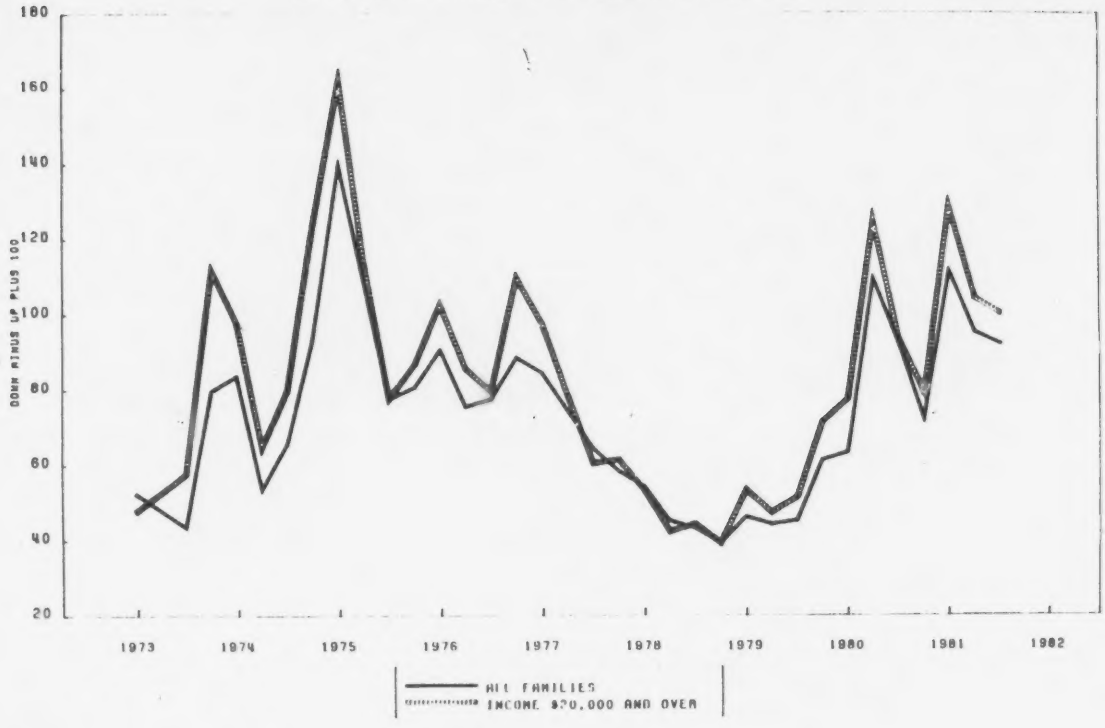



CHART 21 - HISTORICAL SERIES
EXPECTED CHANGE IN INTEREST RATES

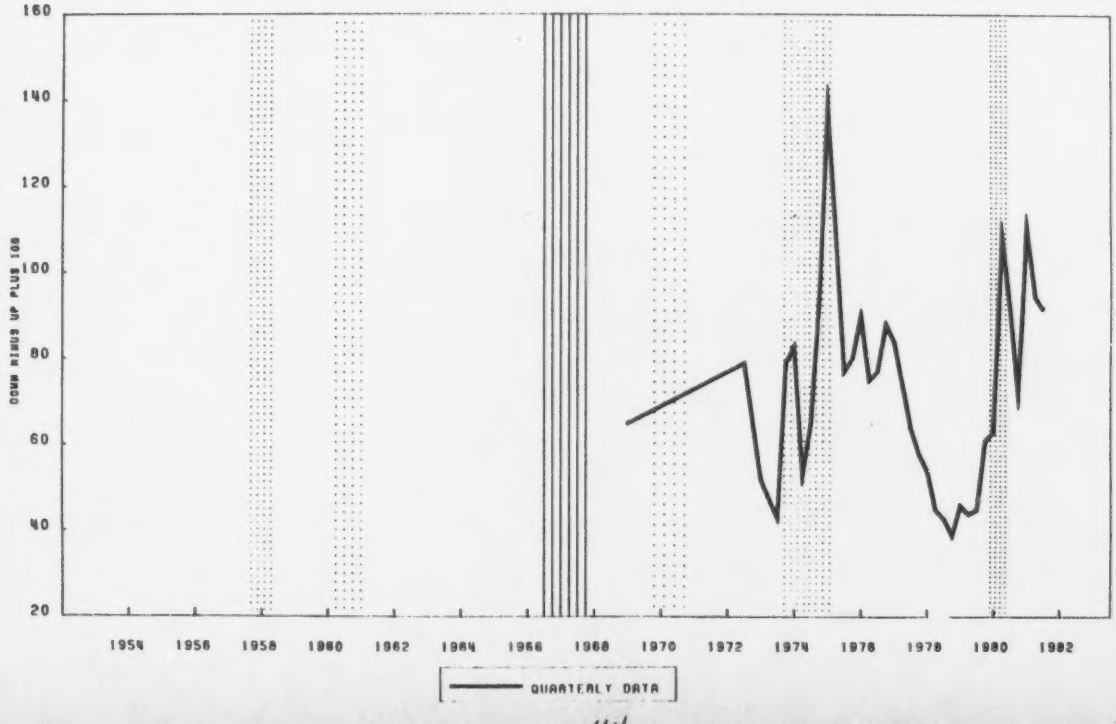


TABLE 21

EXPECTED CHANGE IN INTEREST RATES

| | Jul-Sept 1978 | Oct-Dec. 1978 | Jan-Mar. 1979 | Apr-June 1979 | Jul-Sept 1979 | Oct-Dec. 1979 | Jan-Mar. 1980 | Apr-June 1980 | Jul-Sept 1980 | Oct-Dec. 1980 | Jan-Mar. 1981 | Apr-June 1981 | Jul-Sept 1981 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| A. ALL FAMILIES | | | | | | | | | | | | | |
| GO UP | 64% | 67% | 63% | 64% | 64% | 57% | 54% | 34% | 38% | 51% | 30% | 37% | 36% |
| STAY THE SAME | 24 | 22 | 23 | 24 | 23 | 21 | 25 | 20 | 29 | 20 | 23 | 28 | 32 |
| GO DOWN | 7 | 6 | 9 | 8 | 9 | 19 | 17 | 43 | 29 | 23 | 41 | 31 | 28 |
| DK,NA | 5 | 5 | 5 | 4 | 4 | 3 | 4 | 3 | 4 | 6 | 6 | 4 | 4 |
| TOTAL | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| B. FAMILIES WITH INCOMES OF $20,000 AND OVER | | | | | | | | | | | | | |
| GO UP | 64% | 68% | 58% | 62% | 62% | 54% | 47% | 28% | 37% | 48% | 22% | 31% | 32% |
| STAY THE SAME | 25 | 22 | 29 | 26 | 25 | 20 | 27 | 19 | 30 | 21 | 23 | 31 | 35 |
| GO DOWN | 9 | 8 | 12 | 9 | 12 | 25 | 24 | 52 | 30 | 27 | 51 | 35 | 32 |
| DK,NA | 2 | 2 | 1 | 3 | 1 | 1 | 2 | 1 | 3 | 4 | 4 | 3 | 1 |
| TOTAL | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |

The question was: "No one can say for sure, but what do you think will happen to interest rates for borrowing money during the next 12 months--will they go up, stay the same, or go down?"

TABLE 22

CHANGE IN PRICES DURING THE LAST 12 MONTHS

| | Jul-Sept 1978 | Oct-Dec. 1978 | Jan-Mar. 1979 | Apr-June 1979 | Jul-Sept 1979 | Oct-Dec. 1979 | Jan-Mar. 1980 | Apr-June 1980 | Jul-Sept 1980 | Oct-Dec. 1980 | Jan-Mar. 1981 | Apr-June 1981 | Jul-Sept 1981 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| A. ALL FAMILIES | | | | | | | | | | | | | |
| SAME OR DOWN | 2% | 4% | 1% | 1% | 1% | 1% | 2% | 5% | 4% | 2% | 3% | 6% | 10% |
| GONE UP BY: | | | | | | | | | | | | | |
| 1-2% | 3 | 3 | 2 | 1 | 1 | 2 | 1 | 1 | 2 | 2 | 2 | 4 | 3 |
| 3-4% | 4 | 5 | 5 | 4 | 3 | 3 | 4 | 3 | 5 | 4 | 4 | 6 | 6 |
| 5% | 10 | 7 | 6 | 6 | 6 | 5 | 6 | 5 | 7 | 9 | 7 | 7 | 8 |
| 6-9% | 16 | 17 | 17 | 13 | 10 | 10 | 8 | 8 | 11 | 11 | 9 | 11 | 11 |
| 10-14% | 21 | 22 | 27 | 29 | 30 | 32 | 28 | 25 | 22 | 25 | 31 | 27 | 24 |
| 15% or more | 26 | 22 | 27 | 32 | 34 | 33 | 38 | 38 | 31 | 31 | 26 | 26 | 21 |
| DK how much up | 17 | 20 | 15 | 14 | 15 | 14 | 13 | 14 | 17 | 15 | 17 | 13 | 16 |
| DK,NA | 1 | * | * | * | * | * | * | 1 | 1 | 1 | 1 | * | 1 |
| TOTAL | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| MEAN INCREASE | 14.1 | 12.9 | 14.8 | 15.5 | 15.4 | 16.2 | 16.4 | 15.9 | 14.5 | 15.0 | 13.6 | 12.9 | 11.4 |
| VARIANCE | 160 | 136 | 162 | 156 | 146 | 175 | 164 | 165 | 160 | 163 | 123 | 130 | 118 |
| B. FAMILIES WITH INCOMES OF $20,000 AND OVER | | | | | | | | | | | | | |
| SAME OR DOWN | 1% | 2% | 1% | 1% | * | 1% | 1% | 3% | 5% | 2% | 2% | 5% | 9% |
| GONE UP BY: | | | | | | | | | | | | | |
| 1-2% | 3 | 3 | 2 | * | 1 | 2 | 1 | 2 | 1 | 2 | 2 | 4 | 3 |
| 3-4% | 4 | 6 | 5 | 4 | 1 | 4 | 2 | 3 | 5 | 3 | 3 | 5 | 5 |
| 5% | 11 | 8 | 6 | 3 | 4 | 4 | 6 | 5 | 5 | 5 | 6 | 8 | 10 |
| 6-9% | 25 | 28 | 24 | 14 | 11 | 8 | 9 | 8 | 12 | 11 | 11 | 11 | 13 |
| 10-14% | 28 | 23 | 32 | 37 | 39 | 40 | 31 | 30 | 28 | 33 | 37 | 35 | 30 |
| 15% or more | 22 | 20 | 25 | 34 | 36 | 36 | 44 | 41 | 35 | 34 | 31 | 25 | 22 |
| DK how much up | 6 | 10 | 5 | 6 | 8 | 5 | 6 | 8 | 9 | 9 | 8 | 7 | 8 |
| DK,NA | * | * | * | 1 | * | * | * | * | * | 1 | * | * | * |
| TOTAL | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| MEAN INCREASE | 11.7 | 11.8 | 13.1 | 15.0 | 15.1 | 15.5 | 15.9 | 15.4 | 14.5 | 14.8 | 14.0 | 12.2 | 11.4 |
| VARIANCE | 87 | 101 | 105 | 119 | 103 | 135 | 118 | 128 | 134 | 130 | 100 | 90 | 101 |

The questions were: "During the last 12 months, have prices of the things you buy remained unchanged, or have they gone up, or have they gone down?" and "By about what percent do you think prices have gone up,on the average, during the last 12 months?"

* : Less than half of one percent.

CHART 23 - RECENT CHANGES

MEAN EXPECTED PRICE INCREASES DURING NEXT 12 MONTHS

CHART 23 - HISTORICAL SERIES

MEAN EXPECTED PRICE INCREASE OVER THE NEXT 12 MONTHS

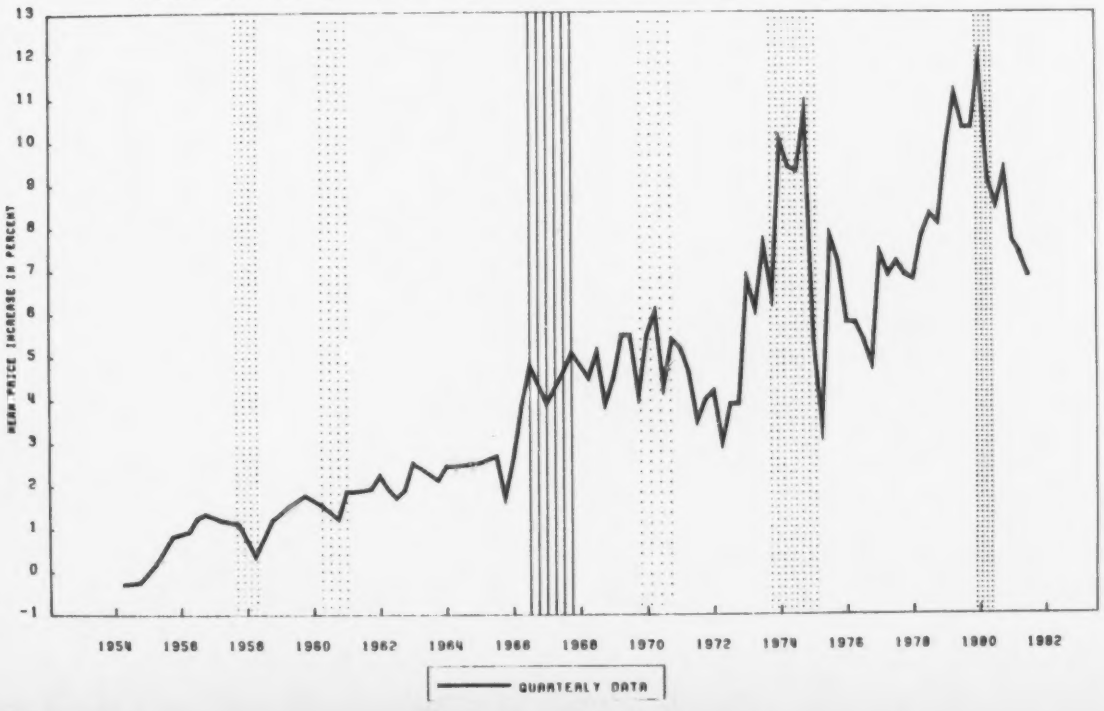


TABLE 23

EXPECTED CHANGE IN PRICES DURING THE NEXT 12 MONTHS

| | Jul-Sept 1978 | Oct-Dec. 1978 | Jan-Mar. 1979 | Apr-June 1979 | Jul-Sept 1979 | Oct-Dec. 1979 | Jan-Mar. 1980 | Apr-June 1980 | Jul-Sept 1980 | Oct-Dec. 1980 | Jan-Mar. 1981 | Apr-June 1981 | Jul-Sept 1981 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| A. ALL FAMILIES | | | | | | | | | | | | | |
| SAME OR DOWN | 13% | 10% | 8% | 8% | 12% | 13% | 10% | 26% | 19% | 21% | 21% | 28% | 30% |
| WILL GO UP BY: | | | | | | | | | | | | | |
| 1-2% | 5 | 4 | 4 | 3 | 3 | 3 | 3 | 2 | 5 | 3 | 3 | 3 | 4 |
| 3-4% | 8 | 7 | 7 | 6 | 6 | 5 | 4 | 4 | 6 | 5 | 8 | 7 | 7 |
| 5% | 12 | 11 | 9 | 10 | 9 | 8 | 9 | 8 | 10 | 9 | 9 | 9 | 11 |
| 6-9% | 17 | 20 | 20 | 14 | 13 | 14 | 11 | 9 | 11 | 11 | 12 | 11 | 12 |
| 10-14% | 17 | 20 | 22 | 26 | 27 | 27 | 28 | 20 | 22 | 23 | 24 | 21 | 16 |
| 15% or more | 10 | 7 | 13 | 19 | 18 | 16 | 24 | 19 | 13 | 16 | 10 | 12 | 11 |
| DK how much up | 16 | 19 | 16 | 12 | 11 | 12 | 9 | 10 | 12 | 10 | 11 | 7 | 8 |
| DK,NA | 2 | 2 | 1 | 2 | 1 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 1 |
| TOTAL | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| MEAN INCREASE | 8.3 | 8.1 | 9.9 | 11.1 | 10.3 | 10.3 | 11.9 | 9.1 | 8.5 | 9.3 | 7.7 | 7.4 | 6.9 |
| VARIANCE | 74 | 59 | 94 | 106 | 94 | 95 | 115 | 102 | 78 | 103 | 62 | 78 | 74 |
| B. FAMILIES WITH INCOMES OF $20,000 AND OVER | | | | | | | | | | | | | |
| SAME OR DOWN | 8% | 6% | 5% | 4% | 9% | 11% | 9% | 23% | 16% | 16% | 16% | 25% | 30% |
| WILL GO UP BY: | | | | | | | | | | | | | |
| 1-2% | 5 | 6 | 3 | 1 | 3 | 3 | 3 | 2 | 4 | 2 | 3 | 4 | 5 |
| 3-4% | 8 | 8 | 5 | 6 | 4 | 5 | 3 | 5 | 8 | 5 | 7 | 7 | 7 |
| 5% | 13 | 9 | 9 | 10 | 8 | 7 | 7 | 9 | 11 | 9 | 12 | 9 | 11 |
| 6-9% | 28 | 31 | 32 | 17 | 16 | 16 | 10 | 11 | 13 | 14 | 15 | 15 | 15 |
| 10-14% | 22 | 22 | 30 | 36 | 36 | 35 | 38 | 24 | 27 | 28 | 30 | 24 | 19 |
| 15% or more | 7 | 7 | 9 | 19 | 18 | 16 | 25 | 20 | 15 | 16 | 9 | 11 | 9 |
| DK how much up | 8 | 10 | 7 | 6 | 6 | 7 | 5 | 5 | 5 | 9 | 7 | 5 | 4 |
| DK,NA | 1 | 1 | * | 1 | * | * | * | 1 | 1 | 1 | 1 | * | * |
| TOTAL | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| MEAN INCREASE | 7.6 | 8.0 | 9.1 | 11.2 | 10.5 | 9.9 | 11.6 | 9.0 | 8.9 | 9.4 | 8.0 | 7.3 | 6.2 |
| VARIANCE | 30 | 39 | 44 | 81 | 67 | 66 | 72 | 75 | 78 | 77 | 50 | 56 | 51 |

The questions were: "During the next 12 months, do you think that prices in general will go up, or go down, or stay where they are now?" and "By about what percent do you expect prices to go up, on the average, during the next 12 months?"

* : Less than half of one percent.

CHART 24 - RECENT CHANGES

UNEMPLOYMENT OR INFLATION MORE SERIOUS

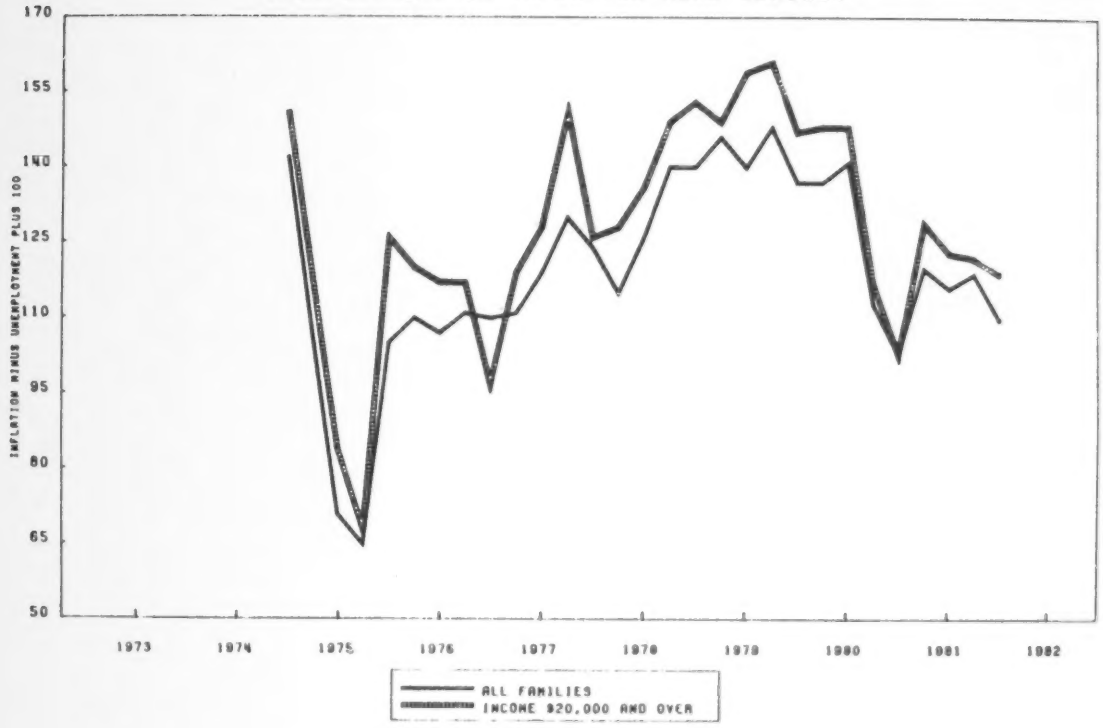



CHART 24 - HISTORICAL SERIES

UNEMPLOYMENT OR INFLATION MORE SERIOUS

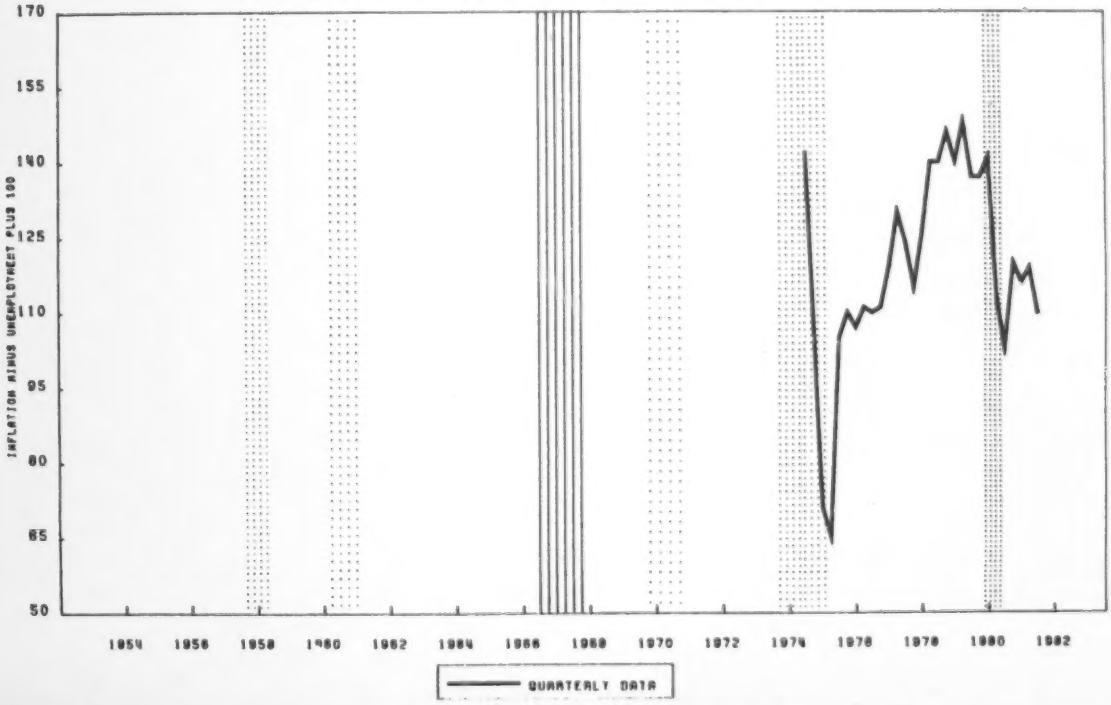


TABLE 24

UNEMPLOYMENT OR INFLATION MORE SERIOUS ECONOMIC HARDSHIP

| | Jul-Sept 1978 | Oct-Dec. 1978 | Jan-Mar. 1979 | Apr-June 1979 | Jul-Sept 1979 | Oct-Dec. 1979 | Jan-Mar. 1980 | Apr-June 1980 | Jul-Sept 1980 | Oct-Dec. 1980 | Jan-Mar. 1981 | Apr-June 1981 | Jul-Sept 1981 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| A. ALL FAMILIES | | | | | | | | | | | | | |
| UNEMPLOYMENT | 25% | 21% | 25% | 21% | 26% | 26% | 25% | 36% | 42% | 34% | 36% | 34% | 39% |
| BOTH EQUALLY SERIOUS | 7 | 8 | 7 | 7 | 9 | 9 | 7 | 14 | 10 | 11 | 11 | 10 | 10 |
| INFLATION | 65 | 67 | 65 | 69 | 63 | 63 | 66 | 49 | 45 | 54 | 51 | 54 | 50 |
| DK,NA | 3 | 4 | 3 | 3 | 2 | 2 | 2 | 1 | 3 | 1 | 2 | 2 | 1 |
| TOTAL | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| B. FAMILIES WITH INCOMES OF $20,000 AND OVER | | | | | | | | | | | | | |
| UNEMPLOYMENT | 21% | 21% | 18% | 17% | 22% | 23% | 23% | 35% | 43% | 33% | 33% | 35% | 35% |
| BOTH EQUALLY SERIOUS | 5 | 6 | 5 | 5 | 8 | 6 | 6 | 11 | 11 | 6 | 9 | 8 | 9 |
| INFLATION | 74 | 72 | 77 | 78 | 69 | 70 | 71 | 53 | 45 | 61 | 57 | 57 | 55 |
| DK,NA | * | 1 | * | * | 1 | 1 | * | 1 | 1 | * | 1 | * | 1 |
| TOTAL | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |

The question was: "Which of the two problems--unemployment or inflation--do you think will cause the more serious economic hardship for people during the next year or so?"

* : Less than half of one percent.

CHART 25

OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

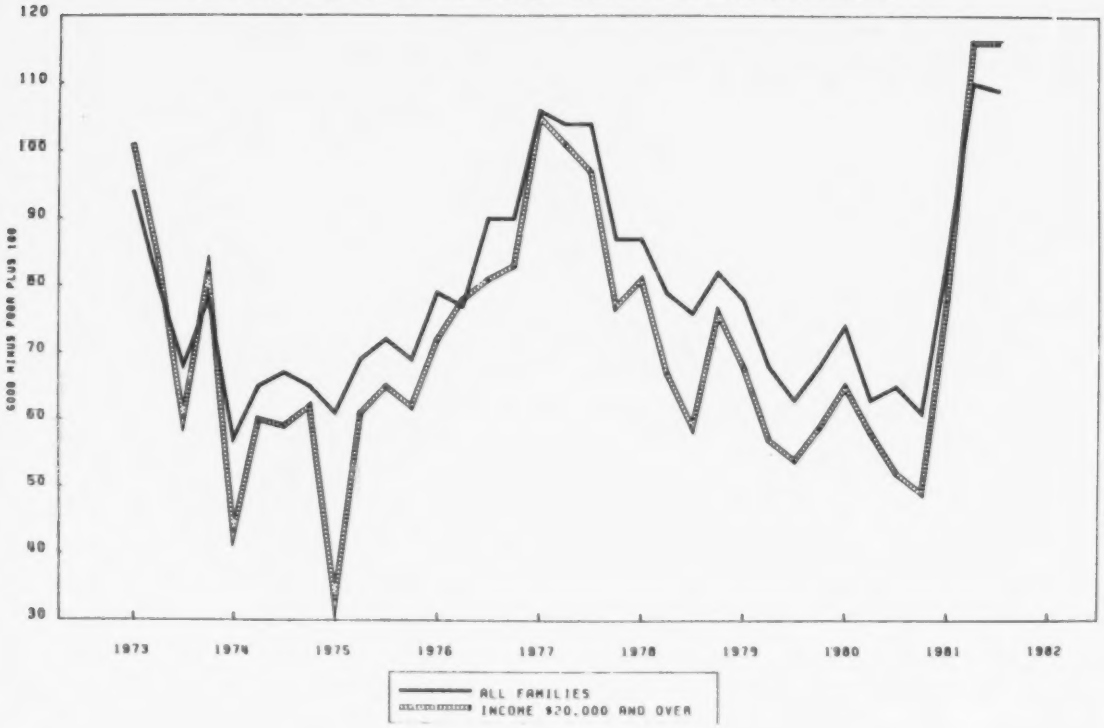



CHART 25 - HISTORICAL SERIES

OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

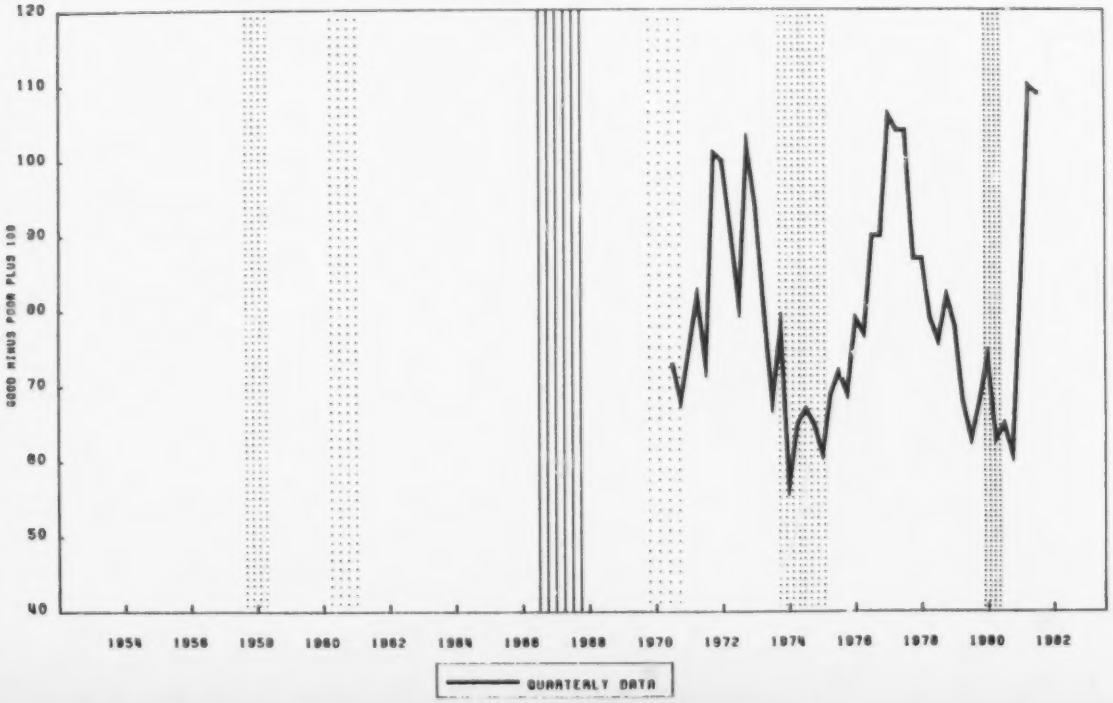


TABLE 25

OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

| | Jul-Sept 1978 | Oct-Dec. 1978 | Jan-Mar. 1979 | Apr-June 1979 | Jul-Sept 1979 | Oct-Dec. 1979 | Jan-Mar. 1980 | Apr-June 1980 | Jul-Sept 1980 | Oct-Dec. 1980 | Jan-Mar. 1981 | Apr-June 1981 | Jul-Sept 1981 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| A. ALL FAMILIES | | | | | | | | | | | | | |
| A GOOD JOB | 10% | 11% | 10% | 8% | 7% | 8% | 10% | 7% | 9% | 7% | 17% | 28% | 30% |
| ONLY FAIR | 53 | 55 | 53 | 48 | 47 | 47 | 50 | 45 | 44 | 44 | 42 | 50 | 45 |
| A POOR JOB | 34 | 29 | 32 | 40 | 43 | 41 | 36 | 44 | 44 | 46 | 33 | 18 | 21 |
| DK,NA | 3 | 5 | 5 | 4 | 3 | 4 | 4 | 4 | 3 | 3 | 8 | 4 | 4 |
| TOTAL | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| B. FAMILIES WITH INCOMES OF $20,000 AND OVER | | | | | | | | | | | | | |
| A GOOD JOB | 6% | 9% | 7% | 5% | 5% | 6% | 8% | 6% | 5% | 4% | 17% | 33% | 33% |
| ONLY FAIR | 47 | 55 | 51 | 46 | 44 | 47 | 49 | 44 | 40 | 41 | 38 | 48 | 47 |
| A POOR JOB | 46 | 33 | 39 | 48 | 50 | 46 | 42 | 49 | 53 | 54 | 39 | 17 | 17 |
| DK,NA | 1 | 3 | 3 | 1 | 1 | 1 | 1 | 1 | 2 | 1 | 6 | 2 | 3 |
| TOTAL | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |

The question was: "As to the economic policy of the government--I mean steps taken to fight inflation or unemployment--would you say the government is doing a good job, only fair, or a poor job?"

CHART 26 - RECENT CHANGES

BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

CHART 26 - HISTORICAL SERIES

BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

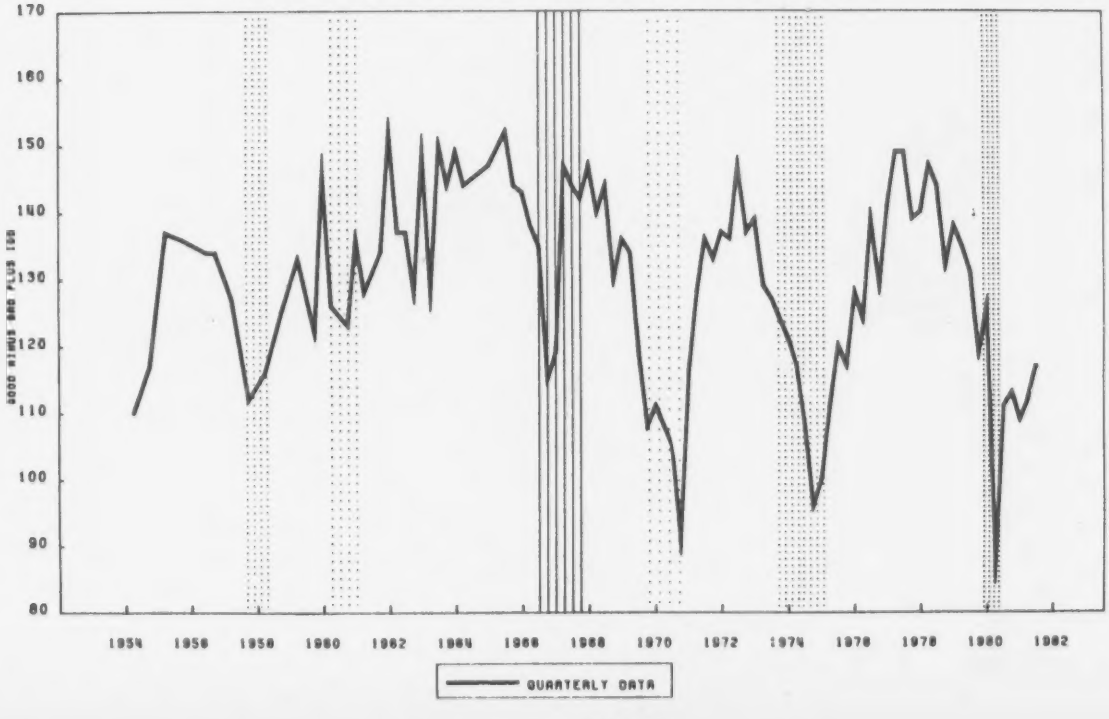


TABLE 26

BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

| | Jul-Sept 1978 | Oct-Dec. 1978 | Jan-Mar. 1979 | Apr-June 1979 | Jul-Sept 1979 | Oct-Dec. 1979 | Jan-Mar. 1980 | Apr-June 1980 | Jul-Sept 1980 | Oct-Dec. 1980 | Jan-Mar. 1981 | Apr-June 1981 | Jul-Sept 1981 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| A. ALL FAMILIES | | | | | | | | | | | | | |
| GOOD TIME TO BUY | 64% | 57% | 62% | 62% | 60% | 54% | 58% | 39% | 48% | 50% | 47% | 49% | 51% |
| UNCERTAIN, DEPENDS | 16 | 18 | 14 | 11 | 11 | 10 | 10 | 10 | 16 | 13 | 15 | 14 | 15 |
| BAD TIME TO BUY | 20 | 25 | 24 | 27 | 29 | 36 | 32 | 51 | 36 | 37 | 38 | 37 | 34 |
| TOTAL | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| B. FAMILIES WITH INCOMES OF $20,000 AND OVER | | | | | | | | | | | | | |
| GOOD TIME TO BUY | 70% | 66% | 71% | 70% | 63% | 58% | 61% | 40% | 51% | 54% | 52% | 53% | 55% |
| UNCERTAIN, DEPENDS | 13 | 16 | 10 | 10 | 11 | 10 | 8 | 9 | 14 | 14 | 15 | 15 | 14 |
| BAD TIME TO BUY | 17 | 18 | 19 | 20 | 26 | 32 | 31 | 51 | 35 | 32 | 33 | 32 | 31 |
| TOTAL | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |

The question was: "About the big things people buy for their homes--such as furniture, a refrigerator, stove, television, and things like that. Generally speaking, do you think now is a good or a bad time for people to buy major household items?"

CHART 27A - HISTORICAL SERIES

REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR DURABLES

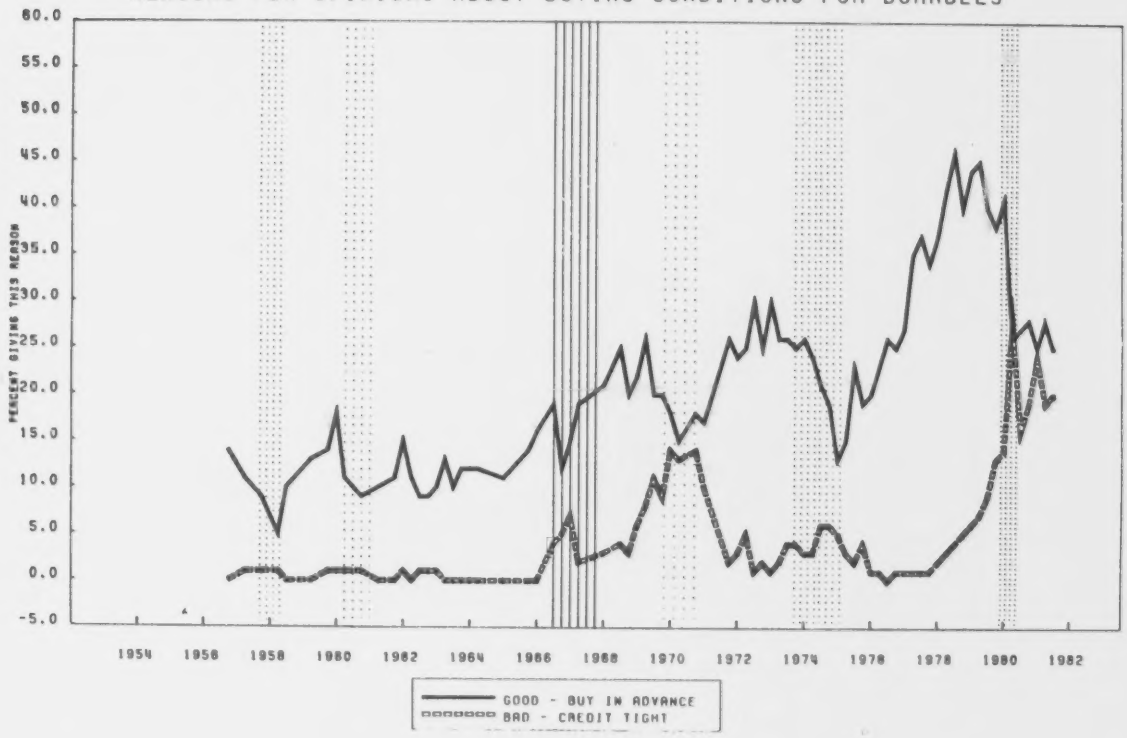



CHART 27B - HISTORICAL SERIES

REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR DURABLES

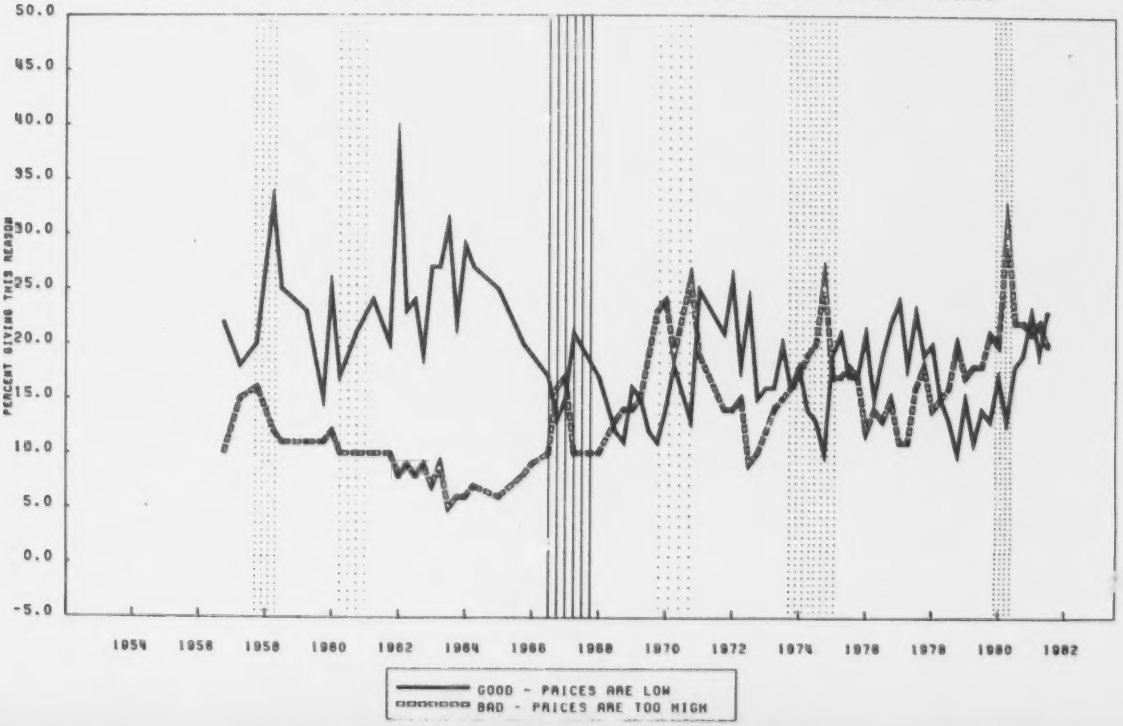


TABLE 27

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS +

| | Jul-Sept 1978 | Oct-Dec. 1978 | Jan-Mar. 1979 | Apr-June 1979 | Jul-Sept 1979 | Oct-Dec. 1979 | Jan-Mar. 1980 | Apr-June 1980 | Jul-Sept 1980 | Oct-Dec. 1980 | Jan-Mar. 1981 | Apr-June 1981 | Jul-Sept 1981 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| A. ALL FAMILIES | | | | | | | | | | | | | |
| GOOD TIME TO BUY: | | | | | | | | | | | | | |
| Prices are low; good buys available | 13% | 10% | 15% | 11% | 14% | 13% | 17% | 13% | 18% | 19% | 23% | 19% | 23% |
| Prices won't come down; are going higher | 46 | 40 | 44 | 45 | 40 | 38 | 41 | 26 | 27 | 28 | 25 | 28 | 25 |
| Interest rates low; credit is easy | 3 | 2 | 3 | 3 | 2 | 3 | 4 | 3 | 4 | 3 | 2 | 2 | 2 |
| BAD TIME TO BUY: | | | | | | | | | | | | | |
| Prices are high | 16 | 20 | 17 | 18 | 18 | 21 | 20 | 31 | 22 | 22 | 21 | 22 | 20 |
| Interest rates are high; credit is tight | 4 | 5 | 6 | 7 | 9 | 13 | 14 | 28 | 16 | 19 | 24 | 19 | 20 |
| Lack of purchasing power | 4 | 4 | 6 | 9 | 10 | 13 | 13 | 15 | 15 | 11 | 13 | 11 | 8 |
| B. FAMILIES WITH INCOMES OF $20,000 AND OVER | | | | | | | | | | | | | |
| GOOD TIME TO BUY: | | | | | | | | | | | | | |
| Prices are low; good buys available | 14% | 10% | 15% | 12% | 16% | 15% | 20% | 15% | 20% | 23% | 25% | 23% | 26% |
| Prices won't come down; are going higher | 53 | 50 | 51 | 55 | 45 | 40 | 44 | 26 | 30 | 30 | 31 | 30 | 27 |
| Interest rates low; credit is easy | 4 | 3 | 4 | 4 | 3 | 4 | 3 | 3 | 5 | 4 | 3 | 3 | 3 |
| BAD TIME TO BUY: | | | | | | | | | | | | | |
| Prices are high | 13 | 17 | 12 | 13 | 16 | 21 | 16 | 27 | 20 | 16 | 18 | 16 | 18 |
| Interest rates are high; credit is tight | 4 | 4 | 7 | 7 | 9 | 15 | 17 | 33 | 16 | 24 | 27 | 23 | 24 |
| Lack of purchasing power | 3 | 3 | 6 | 8 | 9 | 10 | 11 | 15 | 15 | 8 | 10 | 8 | 9 |

Responses to the query: "Why do you say so?" following the question on Table 26.

+ : May add to more than 100% due to multiple mentions.

CHART 28 - RECENT CHANGES
BUYING CONDITIONS FOR HOUSES

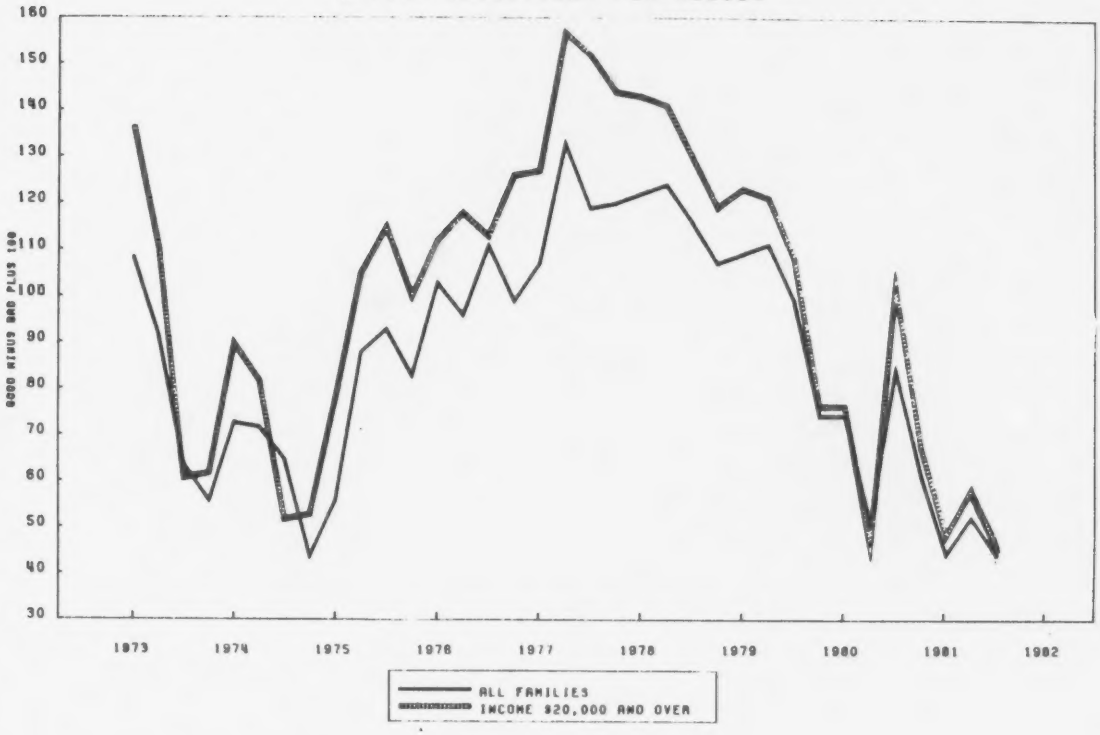



CHART 28 - HISTORICAL SERIES
BUYING CONDITIONS FOR HOUSES

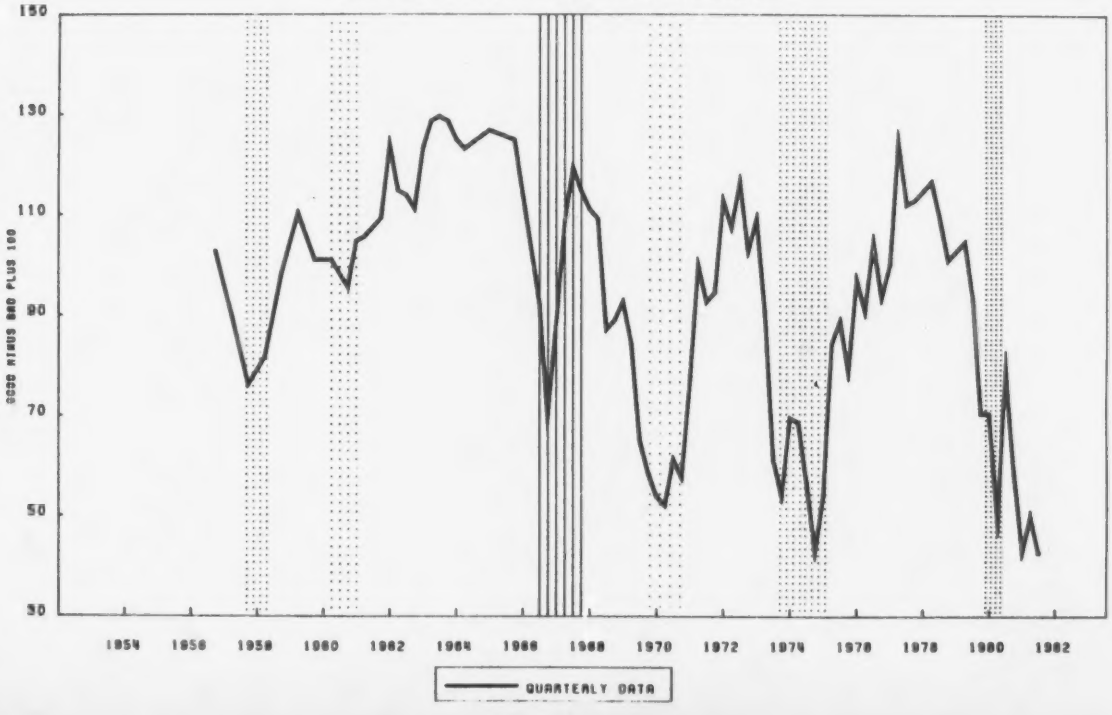


TABLE 28

BUYING CONDITIONS FOR HOUSES

| | Jul-Sept 1978 | Oct-Dec. 1978 | Jan-Mar. 1979 | Apr-June 1979 | Jul-Sept 1979 | Oct-Dec. 1979 | Jan-Mar. 1980 | Apr-June 1980 | Jul-Sept 1980 | Oct-Dec. 1980 | Jan-Mar. 1981 | Apr-June 1981 | Jul-Sept 1981 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| A. ALL FAMILIES | | | | | | | | | | | | | |
| GOOD TIME TO BUY | 53% | 48% | 50% | 52% | 47% | 34% | 35% | 22% | 39% | 28% | 20% | 23% | 19% |
| UNCERTAIN, DEPENDS | 10 | 11 | 9 | 7 | 5 | 6 | 5 | 7 | 6 | 5 | 4 | 6 | 7 |
| BAD TIME TO BUY | 37 | 41 | 41 | 41 | 48 | 60 | 60 | 71 | 55 | 67 | 76 | 71 | 74 |
| TOTAL | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| B. FAMILIES WITH INCOMES OF $20,000 AND OVER | | | | | | | | | | | | | |
| GOOD TIME TO BUY | 61% | 55% | 58% | 58% | 51% | 35% | 36% | 20% | 48% | 30% | 21% | 27% | 19% |
| UNCERTAIN, DEPENDS | 8 | 9 | 7 | 5 | 5 | 6 | 4 | 6 | 6 | 6 | 5 | 4 | 6 |
| BAD TIME TO BUY | 31 | 36 | 35 | 37 | 44 | 59 | 60 | 74 | 46 | 64 | 74 | 69 | 75 |
| TOTAL | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |

The question was: "Generally speaking, do you think now is a good time or a bad time to buy a house?"

CHART 29A - HISTORICAL SERIES

REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES

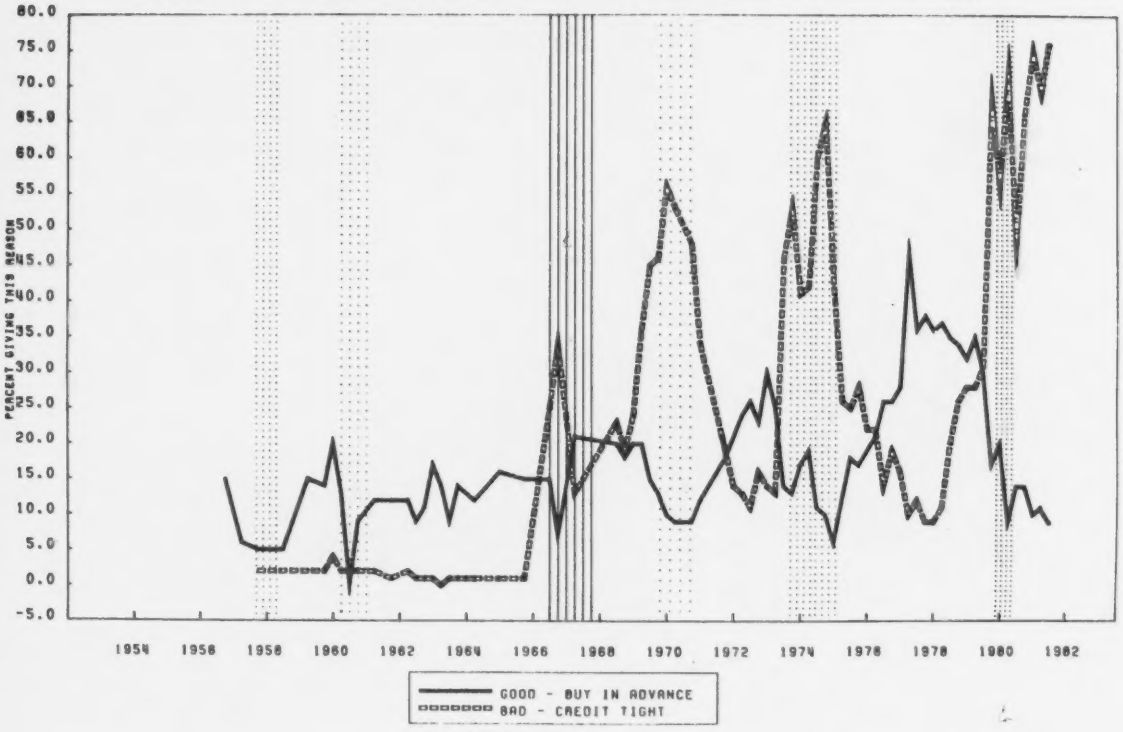



CHART 29B - HISTORICAL SERIES

REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES

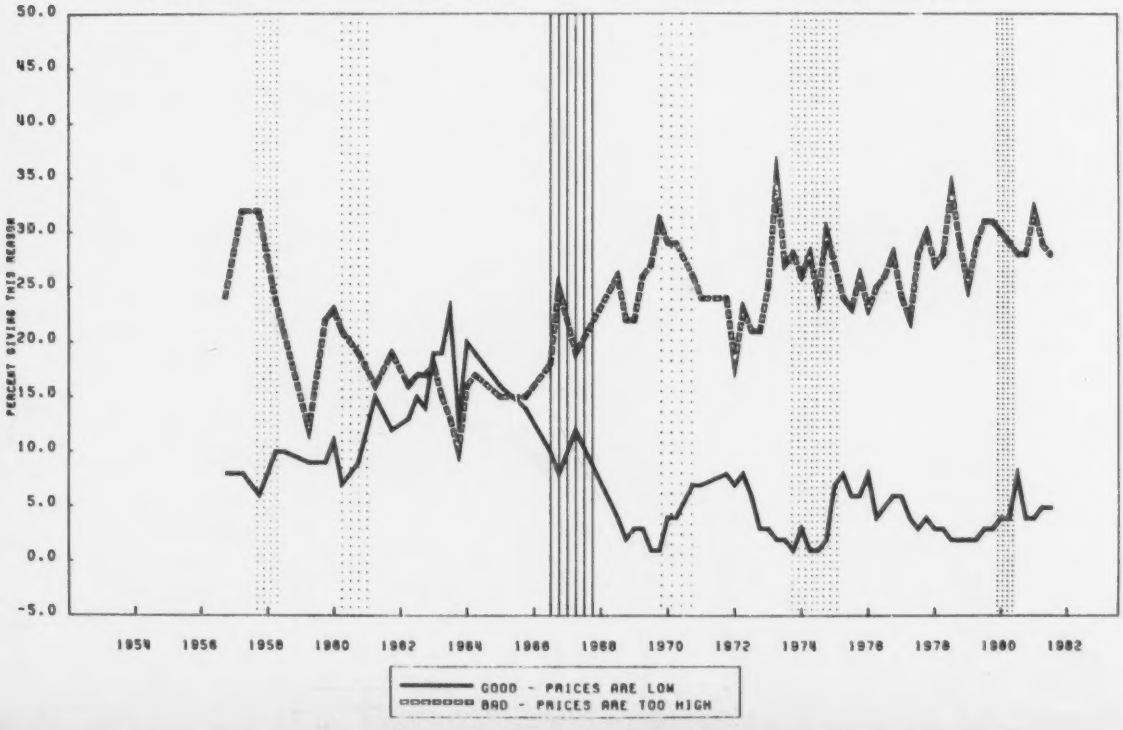


TABLE 29

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES +

| | Jul-Sept 1978 | Oct-Dec. 1978 | Jan-Mar. 1979 | Apr-June 1979 | Jul-Sept 1979 | Oct-Dec. 1979 | Jan-Mar. 1980 | Apr-June 1980 | Jul-Sept 1980 | Oct-Dec. 1980 | Jan-Mar. 1981 | Apr-June 1981 | Jul-Sept 1981 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| A. ALL FAMILIES | | | | | | | | | | | | | |
| GOOD TIME TO BUY: | | | | | | | | | | | | | |
| Prices are low; good buys available | 2% | 2% | 2% | 2% | 3% | 3% | 4% | 4% | 8% | 4% | 4% | 5% | 5% |
| Prices won't come down; are going higher | 35 | 34 | 32 | 35 | 30 | 17 | 20 | 9 | 14 | 14 | 10 | 11 | 9 |
| Interest rates low; credit is easy | 9 | 9 | 11 | 12 | 10 | 8 | 9 | 8 | 24 | 11 | 5 | 7 | 7 |
| Good investment | 14 | 9 | 12 | 14 | 12 | 8 | 12 | 7 | 8 | 7 | 8 | 7 | 5 |
| BAD TIME TO BUY: | | | | | | | | | | | | | |
| Prices are high | 34 | 29 | 25 | 29 | 31 | 31 | 30 | 29 | 28 | 28 | 32 | 29 | 28 |
| Interest rates are high; credit is tight | 20 | 26 | 28 | 28 | 31 | 68 | 56 | 72 | 48 | 66 | 75 | 69 | 76 |
| Lack of purchasing power | 3 | 6 | 6 | 9 | 9 | 9 | 8 | 9 | 13 | 12 | 12 | 12 | 13 |
| B. FAMILIES WITH INCOMES OF $20,000 AND OVER | | | | | | | | | | | | | |
| GOOD TIME TO BUY: | | | | | | | | | | | | | |
| Prices are low; good buys available | 2% | 5% | 4% | 2% | 3% | 4% | 5% | 7% | 13% | 7% | 7% | 6% | 6% |
| Prices won't come down; are going higher | 46 | 37 | 37 | 40 | 33 | 16 | 20 | 8 | 16 | 13 | 11 | 14 | 11 |
| Interest rates low; credit is easy | 14 | 11 | 16 | 18 | 13 | 10 | 10 | 9 | 32 | 13 | 7 | 8 | 8 |
| Good investment | 16 | 10 | 11 | 17 | 15 | 10 | 14 | 7 | 10 | 9 | 8 | 8 | 6 |
| BAD TIME TO BUY: | | | | | | | | | | | | | |
| Prices are high | 22 | 25 | 18 | 23 | 27 | 28 | 28 | 28 | 25 | 24 | 30 | 26 | 24 |
| Interest rates are high; credit is tight | 26 | 34 | 35 | 31 | 38 | 75 | 63 | 80 | 45 | 74 | 82 | 74 | 86 |
| Lack of purchasing power | 3 | 4 | 3 | 5 | 8 | 7 | 7 | 8 | 9 | 8 | 9 | 8 | 10 |

Responses to the query: "Why do you say so?" following the question on Table 28.

+ : May add to more than 100% due to multiple mentions.

CHART 30 - RECENT CHANGES
BUYING CONDITIONS FOR CARS

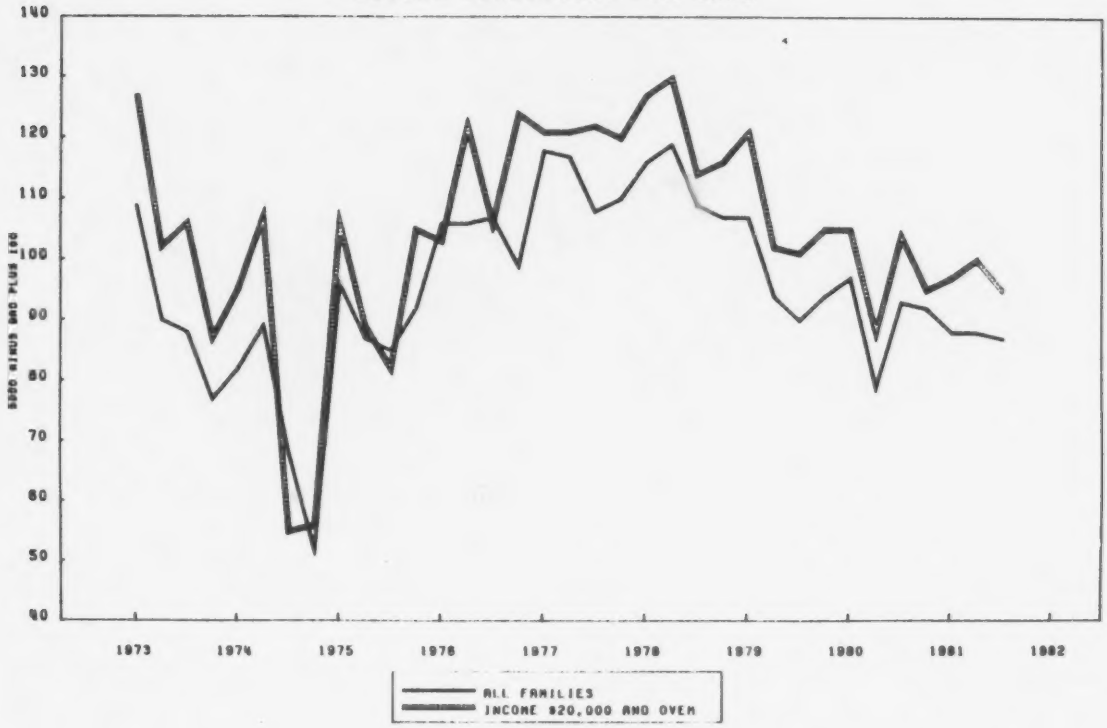



CHART 30 - HISTORICAL SERIES
BUYING CONDITIONS FOR CARS

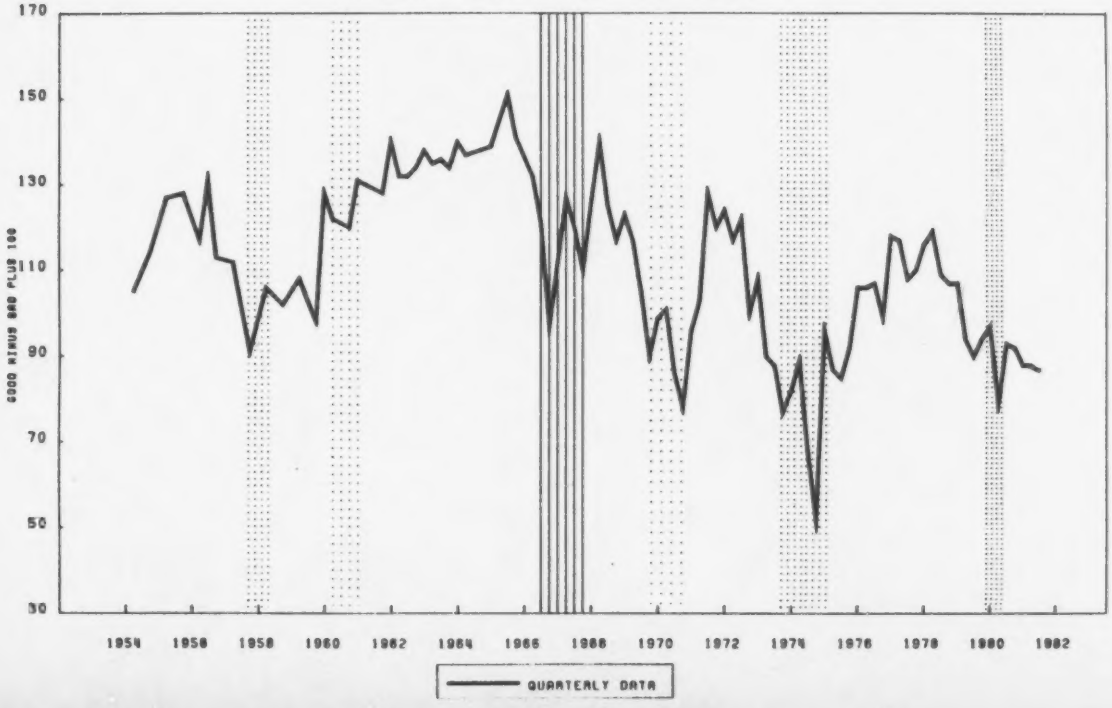


TABLE 30

BUYING CONDITIONS FOR CARS

| | Jul-Sept 1978 | Oct-Dec. 1978 | Jan-Mar. 1979 | Apr-June 1979 | Jul-Sept 1979 | Oct-Dec. 1979 | Jan-Mar. 1980 | Apr-June 1980 | Jul-Sept 1980 | Oct-Dec. 1980 | Jan-Mar. 1981 | Apr-June 1981 | Jul-Sept 1981 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| A. ALL FAMILIES | | | | | | | | | | | | | |
| GOOD TIME TO BUY | 46% | 44% | 46% | 41% | 38% | 42% | 44% | 34% | 40% | 40% | 38% | 39% | 39% |
| UNCERTAIN; DEPENDS | 17 | 19 | 15 | 12 | 14 | 10 | 9 | 11 | 13 | 13 | 12 | 9 | 9 |
| BAD TIME TO BUY | 37 | 37 | 39 | 47 | 48 | 48 | 47 | 55 | 47 | 47 | 50 | 52 | 52 |
| TOTAL | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| B. FAMILIES WITH INCOMES OF $20,000 AND OVER | | | | | | | | | | | | | |
| GOOD TIME TO BUY | 50% | 50% | 55% | 45% | 44% | 49% | 48% | 39% | 45% | 42% | 43% | 47% | 44% |
| UNCERTAIN; DEPENDS | 14 | 17 | 11 | 12 | 14 | 7 | 9 | 10 | 13 | 11 | 10 | 6 | 7 |
| BAD TIME TO BUY | 36 | 33 | 34 | 43 | 42 | 44 | 43 | 51 | 42 | 47 | 47 | 47 | 49 |
| TOTAL | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |

The question was: "Speaking now of the automobile market--do you think the next 12 months or so will be a good time or a bad time to buy a car?"

CHART 31A - HISTORICAL SERIES

REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS

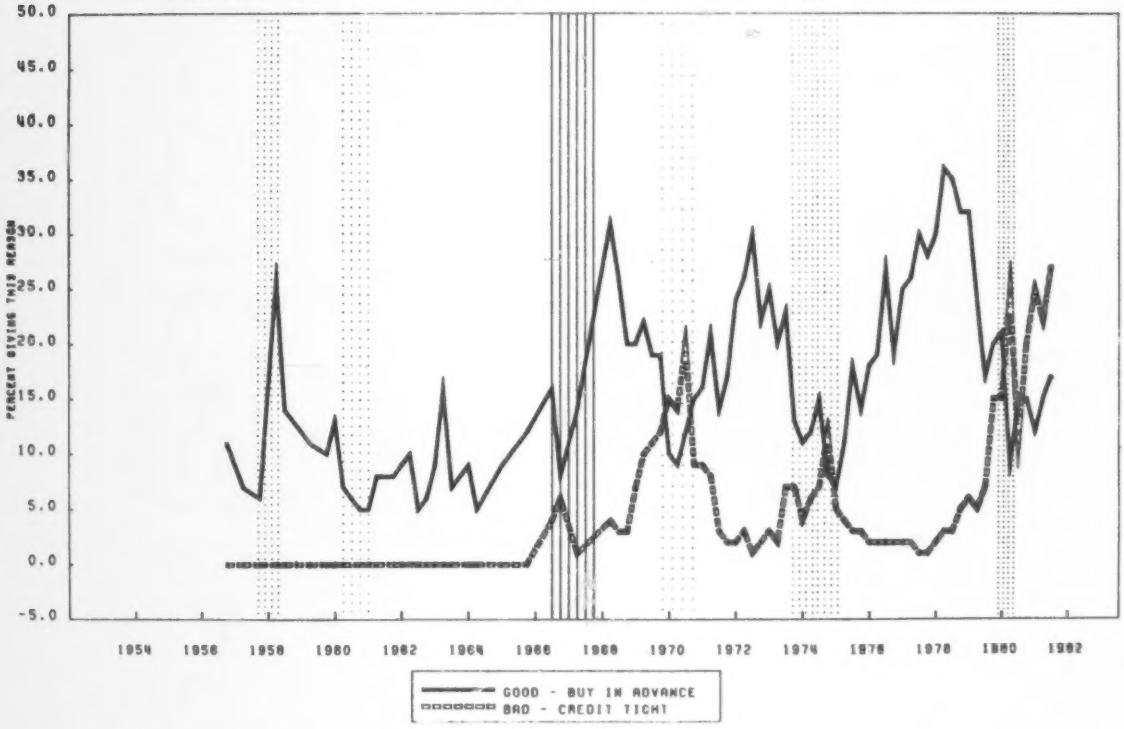



CHART 31B - HISTORICAL SERIES

REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS

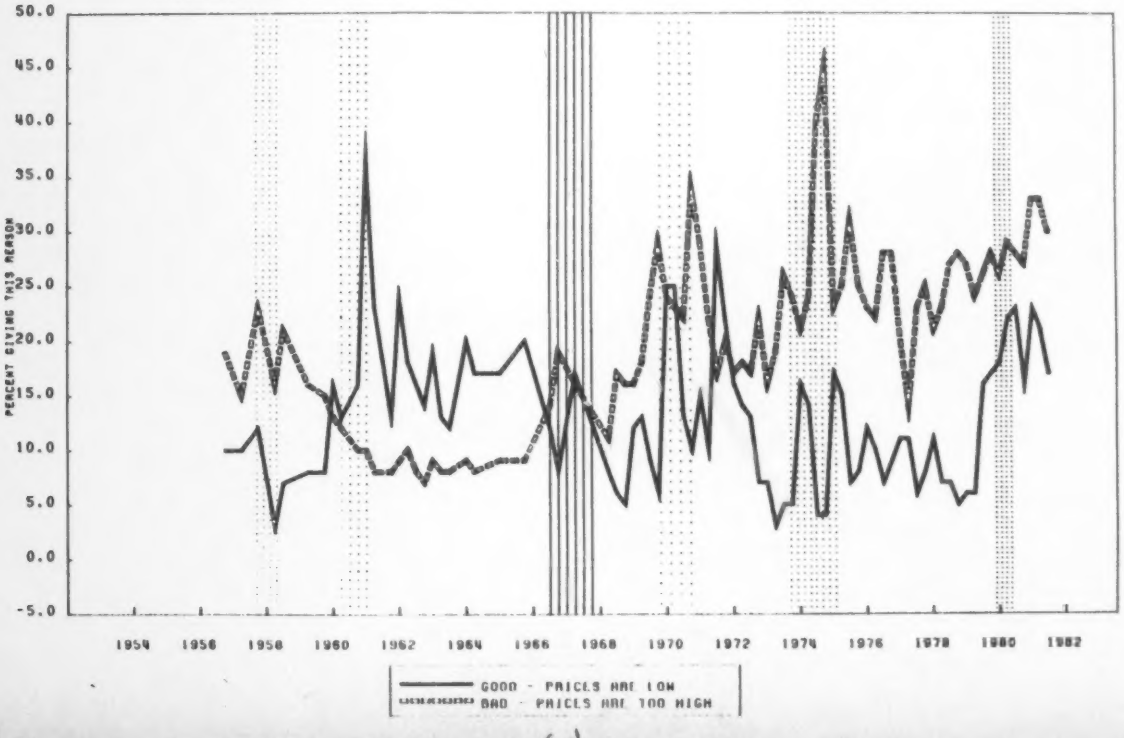


TABLE 31

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS +

| | Jul-Sept 1978 | Oct-Dec. 1978 | Jan-Mar. 1979 | Apr-June 1979 | Jul-Sept 1979 | Oct-Dec. 1979 | Jan-Mar. 1980 | Apr-June 1980 | Jul-Sept 1980 | Oct-Dec. 1980 | Jan-Mar. 1981 | Apr-June 1981 | Jul-Sept 1981 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| A. ALL FAMILIES | | | | | | | | | | | | | |
| GOOD TIME TO BUY: | | | | | | | | | | | | | |
| Prices are low; good buys available | 7% | 5% | 6% | 6% | 16% | 17% | 18% | 22% | 23% | 16% | 23% | 21% | 17% |
| Prices won't come down; are going higher | 35 | 32 | 32 | 24 | 17 | 20 | 21 | 9 | 15 | 15 | 12 | 15 | 17 |
| Interest rates low; credit is easy | 2 | 2 | 2 | 2 | 1 | 2 | 3 | 3 | 4 | 3 | 3 | 3 | 5 |
| New fuel efficient models | 2 | 2 | 4 | 13 | 10 | 9 | 12 | 8 | 6 | 8 | 5 | 5 | 4 |
| BAD TIME TO BUY: | | | | | | | | | | | | | |
| Prices are high | 27 | 28 | 27 | 24 | 26 | 28 | 26 | 29 | 28 | 27 | 33 | 33 | 30 |
| Interest rates are high; credit is tight | 3 | 5 | 6 | 5 | 7 | 15 | 15 | 25 | 11 | 20 | 25 | 22 | 27 |
| Lack of purchasing power | 3 | 3 | 3 | 5 | 6 | 6 | 6 | 6 | 8 | 8 | 8 | 7 | 6 |
| Price of gas; shortages | 1 | 2 | 7 | 22 | 19 | 12 | 16 | 13 | 5 | 4 | 6 | 3 | 3 |
| Poor selection; quality | 11 | 9 | 9 | 11 | 11 | 9 | 10 | 8 | 12 | 12 | 9 | 9 | 9 |
| B. FAMILIES WITH INCOMES OF $20,000 AND OVER | | | | | | | | | | | | | |
| GOOD TIME TO BUY: | | | | | | | | | | | | | |
| Prices are low; good buys available | 7% | 6% | 6% | 7% | 21% | 22% | 24% | 30% | 28% | 18% | 32% | 28% | 20% |
| Prices won't come down; are going higher | 38 | 37 | 40 | 28 | 17 | 22 | 22 | 9 | 17 | 17 | 14 | 18 | 18 |
| Interest rates low; credit is easy | 2 | 2 | 3 | 2 | 1 | 3 | 3 | 2 | 6 | 4 | 4 | 4 | 7 |
| New fuel efficient models | 3 | 2 | 5 | 14 | 13 | 9 | 13 | 8 | 7 | 7 | 5 | 5 | 5 |
| BAD TIME TO BUY: | | | | | | | | | | | | | |
| Prices are high | 24 | 23 | 20 | 22 | 23 | 23 | 24 | 25 | 25 | 26 | 27 | 28 | 30 |
| Interest rates are high; credit is tight | 4 | 5 | 7 | 5 | 6 | 18 | 15 | 28 | 10 | 22 | 31 | 24 | 28 |
| Lack of purchasing power | 2 | 3 | 2 | 5 | 3 | 5 | 4 | 6 | 8 | 5 | 6 | 3 | 3 |
| Price of gas; shortages | 1 | 3 | 7 | 22 | 17 | 10 | 13 | 9 | 4 | 3 | 2 | 3 | 2 |
| Poor selection; quality | 12 | 9 | 10 | 13 | 11 | 10 | 12 | 10 | 15 | 17 | 10 | 11 | 12 |

Responses to the query: "Why do you say so?" following the question on Table 30.

+ : May add to more than 100% due to multiple mentions.

TABLE 32

PLANS TO PURCHASE AN AUTOMOBILE DURING THE NEXT 12 MONTHS

| | Jul-Sept 1978 | Oct-Dec. 1978 | Jan-Mar. 1979 | Apr-June 1979 | Jul-Sept 1979 | Oct-Dec. 1979 | Jan-Mar. 1980 | Apr-June 1980 | Jul-Sept 1980 | Oct-Dec. 1980 | Jan-Mar. 1981 | Apr-June 1981 | Jul-Sept 1981 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| A. ALL FAMILIES | | | | | | | | | | | | | |
| PROBABLY WILL BUY | 21% | 21% | 18% | 17% | 14% | 16% | 20% | 14% | 16% | 15% | 15% | 16% | 17% |
| CHANCES ARE EVEN | 6 | 6 | 9 | 6 | 7 | 6 | 8 | 7 | 6 | 6 | 7 | 8 | 6 |
| PROBABLY WILL NOT BUY | 63 | 65 | 61 | 66 | 69 | 68 | 62 | 68 | 66 | 67 | 65 | 65 | 61 |
| DK,NA | 10 | 8 | 12 | 11 | 10 | 10 | 10 | 11 | 12 | 12 | 13 | 11 | 14 |
| TOTAL | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| B. FAMILIES WITH INCOMES OF $20,000 AND OVER | | | | | | | | | | | | | |
| PROBABLY WILL BUY | 33% | 30% | 30% | 26% | 21% | 19% | 30% | 18% | 22% | 23% | 22% | 22% | 23% |
| CHANCES ARE EVEN | 7 | 7 | 10 | 8 | 10 | 9 | 9 | 11 | 8 | 7 | 9 | 9 | 8 |
| PROBABLY WILL NOT BUY | 57 | 62 | 59 | 64 | 67 | 68 | 59 | 69 | 66 | 68 | 67 | 67 | 67 |
| DK,NA | 3 | 1 | 1 | 2 | 2 | 4 | 2 | 2 | 4 | 2 | 2 | 2 | 2 |
| TOTAL | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |

The question was: "What do you think are the chances that you (or anyone else in your family living there) will buy or lease a car during the next 12 months--would you say you probably will, probably will not, or are the chances about even, or what?"

TABLE 33

CURRENT VEHICLE PURCHASE INTENTIONS

| | Jul-Sept 1978 | Oct-Dec. 1978 | Jan-Mar. 1979 | Apr-June 1979 | Jul-Sept 1979 | Oct-Dec. 1979 | Jan-Mar. 1980 | Apr-June 1980 | Jul-Sept 1980 | Oct-Dec. 1980 | Jan-Mar. 1981 | Apr-June 1981 | Jul-Sept 1981 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| A. ALL FAMILIES | | | | | | | | | | | | | |
| PROPORTION WITH CURRENT PURCHASE INTENTIONS: | 27% | 27% | 27% | 23% | 21% | 22% | 28% | 21% | 22% | 21% | 22% | 24% | 23% |
| PURCHASE TYPE: | | | | | | | | | | | | | |
| Buy new | 11 | 14 | 11 | 12 | 11 | 9 | 14 | 9 | 9 | 10 | 10 | 10 | 10 |
| Buy used | 11 | 11 | 15 | 10 | 9 | 11 | 12 | 9 | 11 | 8 | 9 | 11 | 10 |
| Lease | 3 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 2 |
| DK,NA | 2 | 1 | * | * | * | 1 | 1 | 2 | 1 | 2 | 2 | 2 | 1 |
| PURCHASE TIMING: | | | | | | | | | | | | | |
| Next 3 months | 5 | 2 | 3 | 4 | 3 | 4 | 2 | 3 | 3 | 3 | 2 | 4 | 4 |
| Next 4-6 months | 6 | 4 | 7 | 7 | 4 | 4 | 7 | 6 | 5 | 3 | 5 | 7 | 6 |
| Next 7-9 months | 4 | 5 | 6 | 4 | 4 | 5 | 7 | 5 | 3 | 6 | 6 | 6 | 3 |
| 10 months or more | 5 | 6 | 6 | 3 | 4 | 5 | 6 | 3 | 4 | 4 | 4 | 3 | 5 |
| DK,NA | 7 | 10 | 5 | 5 | 6 | 4 | 6 | 4 | 7 | 5 | 5 | 4 | 5 |
| B. FAMILIES WITH INCOMES OF $20,000 AND OVER | | | | | | | | | | | | | |
| PROPORTION WITH CURRENT PURCHASE INTENTIONS: | 40% | 37% | 40% | 34% | 31% | 28% | 39% | 29% | 30% | 30% | 31% | 31% | 31% |
| PURCHASE TYPE: | | | | | | | | | | | | | |
| Buy new | 21 | 23 | 22 | 21 | 18 | 15 | 23 | 16 | 16 | 16 | 17 | 17 | 16 |
| Buy used | 10 | 11 | 14 | 11 | 11 | 10 | 12 | 9 | 11 | 11 | 8 | 11 | 12 |
| Lease | 7 | 2 | 3 | 1 | 1 | 2 | 3 | 2 | 1 | 2 | 3 | 2 | 2 |
| DK,NA | 2 | 1 | 1 | 1 | 1 | 1 | 1 | 2 | 2 | 1 | 3 | 1 | 1 |
| PURCHASE TIMING: | | | | | | | | | | | | | |
| Next 3 months | 7 | 3 | 4 | 6 | 6 | 5 | 3 | 4 | 5 | 4 | 4 | 4 | 5 |
| Next 4-6 months | 10 | 7 | 10 | 11 | 7 | 5 | 12 | 7 | 7 | 6 | 7 | 9 | 7 |
| Next 7-9 months | 9 | 7 | 11 | 7 | 5 | 8 | 9 | 8 | 6 | 7 | 8 | 10 | 6 |
| 10 months or more | 7 | 9 | 9 | 5 | 8 | 6 | 8 | 4 | 4 | 6 | 6 | 4 | 7 |
| DK,NA | 7 | 11 | 6 | 5 | 5 | 4 | 7 | 6 | 8 | 7 | 6 | 4 | 6 |

If response was "PROBABLY WILL BUY" or "CHANCES ARE EVEN" in Table 32, then the questions were: "If you do buy or lease a car, would it be a new car, or a used car?", "Would you buy or lease?" and "When do you think you might buy or lease a car?"

* : Less than half of one percent.

TABLE 34

FUTURE VEHICLE PURCHASE INTENTIONS

| | Jul-Sept 1978 | Oct-Dec. 1978 | Jan-Mar. 1979 | Apr-June 1979 | Jul-Sept 1979 | Oct-Dec. 1979 | Jan-Mar. 1980 | Apr-June 1980 | Jul-Sept 1980 | Oct-Dec. 1980 | Jan-Mar. 1981 | Apr-June 1981 | Jul-Sept 1981 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| A. ALL FAMILIES | | | | | | | | | | | | | |
| PROPORTION WITH FUTURE PURCHASE INTENTIONS: | 63% | 65% | 61% | 66% | 69% | 68% | 62% | 68% | 66% | 67% | 65% | 65% | 63% |
| PURCHASE TYPE: | | | | | | | | | | | | | |
| Would buy new | 37 | 36 | 34 | 38 | 39 | 41 | 36 | 39 | 38 | 40 | 34 | 38 | 34 |
| Would buy used | 23 | 25 | 24 | 26 | 28 | 25 | 24 | 26 | 26 | 24 | 28 | 25 | 27 |
| DK,NA | 3 | 4 | 3 | 2 | 2 | 2 | 2 | 3 | 2 | 3 | 3 | 2 | 2 |
| PURCHASE TIMING: | | | | | | | | | | | | | |
| Less than 2 years | 4 | 6 | 5 | 5 | 7 | 7 | 7 | 7 | 5 | 6 | 5 | 7 | 5 |
| 2 years | 19 | 19 | 17 | 20 | 20 | 18 | 21 | 17 | 20 | 21 | 21 | 20 | 20 |
| 3 years | 10 | 12 | 9 | 11 | 11 | 11 | 7 | 11 | 10 | 13 | 10 | 10 | 10 |
| 4 years or more | 17 | 16 | 15 | 16 | 17 | 19 | 17 | 20 | 20 | 16 | 18 | 19 | 19 |
| Indefinite | 7 | 3 | 7 | 6 | 6 | 6 | 3 | 4 | 4 | 4 | 4 | 4 | 3 |
| DK,NA | 6 | 9 | 8 | 8 | 8 | 7 | 7 | 9 | 7 | 7 | 7 | 5 | 6 |
| B. FAMILIES WITH INCOMES OF $20,000 AND OVER | | | | | | | | | | | | | |
| PROPORTION WITH FUTURE PURCHASE INTENTIONS: | 57% | 62% | 59% | 64% | 67% | 68% | 59% | 69% | 66% | 68% | 67% | 67% | 67% |
| PURCHASE TYPE: | | | | | | | | | | | | | |
| Would buy new | 41 | 40 | 38 | 43 | 44 | 47 | 39 | 47 | 48 | 49 | 44 | 44 | 43 |
| Would buy used | 14 | 20 | 18 | 20 | 21 | 20 | 19 | 20 | 17 | 17 | 21 | 21 | 24 |
| DK,NA | 2 | 2 | 3 | 1 | 2 | 1 | 1 | 2 | 1 | 2 | 2 | 2 | * |
| PURCHASE TIMING: | | | | | | | | | | | | | |
| Less than 2 years | 7 | 8 | 9 | 7 | 8 | 10 | 8 | 8 | 6 | 7 | 7 | 7 | 7 |
| 2 years | 25 | 24 | 24 | 26 | 25 | 25 | 24 | 23 | 24 | 26 | 22 | 24 | 23 |
| 3 years | 10 | 12 | 12 | 12 | 11 | 11 | 6 | 12 | 13 | 13 | 11 | 11 | 14 |
| 4 years or more | 13 | 11 | 10 | 13 | 17 | 17 | 15 | 20 | 18 | 16 | 20 | 20 | 19 |
| Indefinite | 2 | 1 | 2 | 2 | 1 | 2 | 1 | 2 | 2 | 2 | 3 | 2 | 2 |
| DK,NA | * | 6 | 2 | 4 | 5 | 3 | 5 | 4 | 3 | 4 | 4 | 3 | 2 |

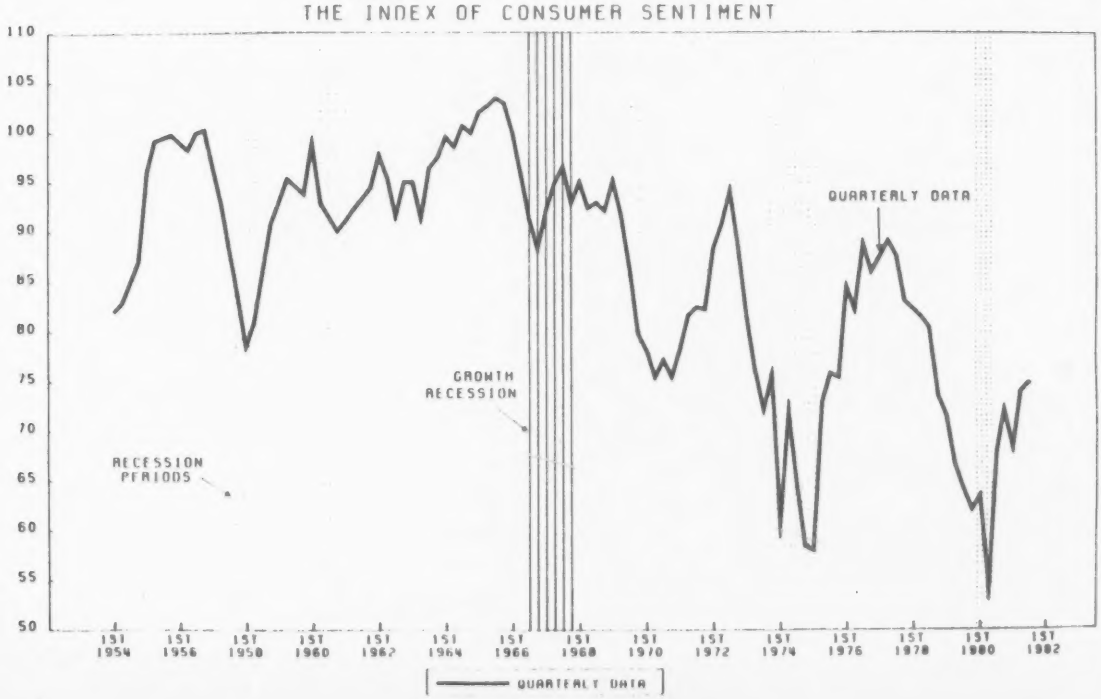
If response was "PROBABLY WILL NOT BUY" in Table 32, then the questions were: "If you were to buy a car, would it be a new car or a used car? and "How long do you think it may be before will buy or lease a car?"

* : Less than half of one percent.

# EXPLANATORY CHARTS

CHART 1 - RECENT CHANGES
THE INDEX OF CONSUMER SENTIMENT

CHART 1 - HISTORICAL SERIES
THE INDEX OF CONSUMER SENTIMENT



## DESCRIPTION OF CHART LINES

ALL FAMILIES: Quarterly data for the total sample.

INCOME $20,000 AND OVER: Quarterly data for the subsample of respondents with family incomes of $20,000 or more per year.

QUARTERLY DATA: Data collected by surveys conducted at three month intervals (quarterly) before 1978, and collected by three monthly surveys per quarter from 1978 to the present.

## TIME SCALE LABELS

Each tic mark on the time scales represents the first quarter of the indicated year.

## NATIONAL BUREAU OF ECONOMIC RESEARCH, REFERENCE DATES

RECESSION PERIOD: Reduction in the national output of goods and services (generally lasting at least two quarters).

DATES:

| | | | | |
|---|---|---|---|---|
| November | 1948 | - | October | 1949 |
| July | 1953 | - | May | 1954 |
| August | 1957 | - | April | 1958 |
| April | 1960 | - | February | 1961 |
| December | 1969 | - | November | 1970 |
| November | 1973 | - | March | 1975 |
| January | 1980 | - | July | 1980 |

GROWTH RECESSION: Retardation in the rate of growth of output and employment (usually followed by a recession and always the initial stage of a recession).

DATE: June 1966 - November 1967

APPROXIMATE SAMPLING ERRORS[a] OF SURVEY FINDINGS

(In percentages by size of sample or subgroup)

| Reported Percentages | Number of Interviews | | |
|---|---|---|---|
| | 700[b] | 1,400[c] | 2,100[d] |
| 50 | 4.2 | 3.2 | 2.8 |
| 30 or 70 | 3.8 | 2.9 | 2.5 |
| 20 or 80 | 3.4 | 2.6 | 2.2 |
| 10 or 90 | 2.5 | 1.9 | 1.6 |
| 5 or 95 | 1.8 | 1.4 | 1.2 |

[a]The figures in this table represent two standard errors. Hence, for most items the chances are 95 in 100 that the value being estimated lies within a range equal to the reported percentages, plus or minus the sampling error.

[b]Average size of monthly surveys.

[c]Average size of two monthly surveys.

[d]Average size of three monthly surveys (one quarter).

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# Surveys of Consumer Attitudes

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Third Quarter Survey
July-September 1981

October 13, 1981

## OPTIMISM STALLED BY HIGH INTEREST RATES


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ATTACHMENTS:

July-September 1981 Tables and Charts

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Highlights

** In the July-September 1981 surveys, the Index of Consumer Sentiment was 74.8, less than a one Index point gain from the second quarter figure of 73.9, and seven Index points above the year-earlier reading. Following a rapid recovery from the second quarter 1980 low of 54.4, the ICS rose to 72.1 by the fourth quarter of 1980, and since then has ramained at that same level.

** Among families with incomes of $25,000 and over, the Index figure declined from 82.0 in the second quarter to 80.1 in the third quarter 1981 surveys, but remained 6.8 Index points above year-earlier readings.

** During the past year, the proportion that reported a worsening economy fell from 77 percent to 51 percent in the third quarter surveys. Following substantial improvements during 1980, the outlook for business conditions has remained largely unchanged since late 1980. Favorable references to Reagan's economic policies continue to underpin favorable business expectations.

** Among all families, 36 percent expected good times in the economy as a whole in the next 12 months, down from 39 percent in the second quarter surveys, but above the 26 percent recorded one year earlier. The majority of respondents continue to expect bad times financially in the year ahead, with 52 percent reporting this view in 1980:3, up from 51 percent in 1980:2.

** On balance, interest rates were expected to increase by 36 percent of all respondents in the third quarter 1981 surveys, similar to the year-earlier reading. Since the start of 1981, the proportion that expected interest rates to decline fell from 41 to 28 percent, while the proportion that expected interest rates to remain at their same high level rose from 23 to 32 percent.

** In the third quarter 1981 surveys consumers expected the rate of inflation to average 6.9% during the year ahead, down from 7.4 in the second quarter, and 8.5% in the third quarter 1980 surveys. During the past year and a half, price expectations fell 5 percentage points, from 11.9% to 6.9%.

** Among all families, 30 percent rated government economic policy as favorable in the third quarter 1981 surveys, up from 28 percent in the second quarter, and 17 percent in the first quarter 1981. Among high-income families, the recent improvements in confidence in government policy have stalled, with both the second and third quarter 1981 surveys yielding identical readings.

** Attitudes toward buying conditions for houses again neared record low levels in the third quarter 1981 surveys. Among all families, just 19 percent reported favorable buying conditions for houses, down from 39 percent one year earlier. The overwhelming reason given by consumers for these negative views was high interest rates and tight credit conditions, mentioned by 76 percent of all families.

* * *

The third quarter 1981 surveys indicate that consumer attitudes and expectations have followed a divergent course during the past year. Lowered price expectations, a more optimistic outlook for the economy as a whole, and increased confidence in government economic policy stand in sharp contrast to widespread unfavorable buying attitudes, due to heightened concerns about high interest rates.

## Improvement Stalls

In the July-September 1981 surveys, the Index of Consumer Sentiment was 74.8, less than a one Index point gain from the second quarter figure of 73.9, and 7 Index points above the year earlier reading. Following a rapid recovery from the second quarter 1980 low of 54.4, the ICS rose to 72.1 by the fourth quarter of 1980, and has since remained at about that level.

Among families with incomes of $25,000 and over, the Index figure declined from 82.0 from the second quarter to 80.1 in the third quarter 1981 surveys, but remained 6.8 Index points above the year-earlier reading.

The recent decline in optimism was concentrated among residents in the North Central region (the Index declined from 74.4 to 70.7 from the second to third quarter 1981 surveys). In contrast, residents of each of the other major geographic regions posted a one to four Index point improvement. Compared with last year, respondents under age 35 posted the greatest improvement in sentiment (11 Index points), while respondents aged 55 or older posted the smallest improvement during the past year (3.5 Index points).

## Personal Finances

Evaluations of personal finances improved somewhat during the past year, with the proportion reporting improved personal finances rising to 33 percent in the third quarter 1981 surveys, up from 28 percent in the second quarter 1981, and 31 percent in the third quarter 1980. Unfavorable evaluations fell to 35 percent among all families in the third quarter 1981 surveys, down from 40 percent one year earlier. This moderate improvement was not shared across all income groups, however. Among families with incomes of $20,000 or more, the proportion that rated their family finances as improved fell from 38 to 36 during the past year, while the proportion that stated their finances had worsened rose from 32 to 36 percent. When asked to explain

how their financial situation had changed, the proportion of high income families that mentioned receiving income increases declined during the past year, coupled with a decline of only one percentage point in those mentioning higher prices. In contrast, among all families the percent mentioning higher prices fell from 37 to 30 percent in the past year.

Although a somewhat greater number of families in the third quarter 1981 surveys reported their financial situation had worsened rather than improved during the past year, almost twice as many families expected improvement rather than deterioration in the year ahead (31 versus 17 percent). Following rapid improvement from late 1979 into early 1980, the expectation of further improvement in personal finances has remained largely unchanged during the past year. Among families with incomes of $20,000 and over, the proportion that expected to be better off financially was 35 percent in both the third quarter 1980 and third quarter 1981 surveys, while the proportion that expected worsening finances fell insignificantly from 16 to 15 percent.

The maintenance of favorable personal financial expectations was due in large part to favorable nominal income expectations, coupled with declines in expected inflation rates. In the third quarter 1981 surveys, 30 percent of all families (37 percent among high income families) expected annual income increases of 10% or more, down somewhat from the 32 percent recorded in the second quarter 1981 surveys, but above the 25 percent recorded a year earlier. It should be noted, however, that while there have been increases during the past year in the proportion of families that expected large income increases (10% or more); the proportion of families that expected no increase or income declines has also increased.

## Inflation Moderates

The third quarter 1981 surveys continued to document declines in both the current and expected rate of inflation. Among all families, the average reported increase in the prices of the things bought during the prior year was 11.4% in the third quarter 1981, down from 14.5% reported in the third quarter of 1980. Consumers expected the rate of inflation to average 6.9% during the year ahead in the third quarter 1981 surveys, down from 7.4% in the second quarter, and 8.5% a year earlier. Since the peak expected inflation rate of 11.9% was recorded in the first quarter of 1980, the expected rate of inflation has declined a total of 5 percentage points.

Since early 1980, when expected inflation rates for the short term (11.9%) exceeded long term price expectations (10.5%), the decline in short term price expectations has been somewhat greater than in long term price expectations (see Table A below). By the third quarter of 1981, consumers expected an average inflation rate of 7.3% over the longer term, unchanged from the first quarter 1981 reading. While most of the decline in long term price expectations was recorded in 1980, significant short term price declines

TABLE A

SHORT AND LONG-TERM PRICE EXPECTATIONS

| Expected Annual Increase in Prices During Next... | 1980:1 | 1980:3 | 1981:1 | 1981:3 |
|---|---|---|---|---|
| One year | 11.9% | 8.5% | 7.7% | 6.9% |
| 5-10 years | 10.5 | 9.0 | 7.2 | 7.3 |

The questions asked were: "During the next 12 months, do you think that prices in general will go up, or go down, or stay where they are now?" "By about what percent do you expect prices to go (up/down) on the average, during the next 12 months?"

"What about the outlook for prices over the next 5 to 10 years? Do you think prices will be higher, about the same, or lower, 5 to 10 years from now?" "About what percent per year do you think prices will go (up/down) on the average during the next 5 to 10 years?"

were recorded in early 1981. Since short term price expectations have fallen below the average rates expected over the longer term, these data indicate that the lower short term inflation rate is expected to be temporary.

Shifting Reactions to Inflation

During the past decade, the appeal of savings and the distaste for debt has been significantly influenced by the inflationary environment. When respondents were asked about their readiness to draw on savings or incur new debt in order to make a major purchase, an increased reluctance to use savings or incur new debt was recorded in the August 1981 survey (see Table B). Among all families, the proportion that reported a willingness to use savings fell from 35 percent in 1979 to 29 percent in 1981. The increased reluctance to use savings was especially strong among families with incomes of $25,000 or more. Consumer willingness to use credit to make major purchases also declined, falling from 17 to 13 percent from 1979 to 1981. The sharpest decline in willingness to use debt came among middle income families ($15-25,000), with the proportion that was willing to use credit falling from 26 to 9 percent.

Among all families, the proportion that thought it was a "bad idea to save as much as possible during times of rapid inflation" fell from 23 percent in 1979 to 19 percent in 1981, while the proportion of all families that thought it was "better to borrow as much as possible in times of inflation" fell slightly from 16 percent in 1979 to 15 percent in 1981. Attitudes toward saving and debt varied significantly among income subgroups. Although high income families were most likely to express the opinion that it was better to borrow and a bad idea to save in times of rapid inflation, the proportion that viewed saving with disfavor fell from 35 percent in 1979 to 29 percent in 1981. At the same time, the proportion that favored borrowing fell slightly from 29 to 23 percent. Although the recent moderation in inflation is largely